



Department  
of Health



# Berkshire West Primary Care Trust

2012-13 Annual Report and Accounts

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# Berkshire West Primary Care Trust

2012-13 Annual Report

**NHS Berkshire West  
Annual Report and Accounts  
2012/2013**



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# Berkshire West annual report 2012/13

## INTRODUCTION

By Sally Kemp, Chair

It is with mixed feelings that I present the final annual report for NHS Berkshire West. While it is a pleasure to celebrate the achievements of the last 12 months, we also mark the final closure of the Primary Care Trusts (PCTs).

We have spent a lot of time this year preparing for the changes that have come with the Health and Social Care Act 2012. This sees the responsibility for commissioning (purchasing) the bulk of healthcare for people in Berkshire transferring to the GPs who have formed the local Clinical Commissioning Groups (CCGs). In addition, the local councils in Berkshire have now assumed responsibility for public health.

The four CCGs in our area have all made extremely good progress during the year. All have passed the authorisation process with flying colours and they are all proving themselves worthy successors. They have assumed their new responsibilities with great enthusiasm and skill.

The financial performance of NHS Berkshire West has been strong this year. The PCT has achieved a surplus of almost £11.5m which is £5m better than the original plan and £7.9m better than in 2011/12. This has been achieved despite continuing pressure from increased activity in our hospitals and it has enabled the CCGs to have a sound start to achieving their objectives for the population of Berkshire West.

One of the major achievements of this – our final – year has been the successful handover of our areas of responsibility to our successor organisations. This was achieved smoothly and seamlessly.

This year, more than ever before, we have been dependent on our partners whose collaborative work with us has been essential to ensure that the groundwork is laid for the new world in which the NHS in Berkshire now operates.

All the work that has been achieved this year has been underpinned by the sterling efforts of our staff. Almost all of them have been living with uncertainty and insecurity throughout most of the year but they have all continued to work harder than ever to get ready for the challenges of the changing landscape.

All that now remains for me to say is that I wish the CCGs, the local authorities and their supporting organisations every success with their new responsibilities over the coming years. I am confident that the future health needs of Berkshire people are in good hands, and look forward to seeing the results of their endeavours.

Sally Kemp

## **About us**

NHS Berkshire West, also known as Berkshire West Primary Care Trust, covers a large area which includes Newbury, Reading and Wokingham. It is home to over 500,000 people.

Overall the NHS Berkshire West population enjoys good health and life expectancy has increased in the area over the past ten years. The main cause of death in the area is cardiovascular disease. The population is growing by more than three per cent each year and the number of people over 65 is set to increase over the coming years.

NHS Berkshire West had a budget of almost £694million in 2012/13 to provide the best possible healthcare for the population, helping people to stay healthy and ensure they get the right treatment, stay well and try to avoid the need for hospital care.

Its strategic objectives were:

- Reducing health inequalities – increasing life expectancy for the whole population, ensuring that the gap is narrowed between the healthiest and the most deprived areas of the population
- Keeping children and young people safe and well – working with partners to support children and young people to achieved improved health and wellbeing
- Supporting older people and those with long term conditions – to promote and maximise independence for older people, particularly focussing on long term conditions through personalised care and recognising the importance of compassionate care at the end of life
- Promoting wellbeing and independence – encouraging people to make healthy life choices and take responsibility for improving their own health; promoting prevention as well as treatment in every health and social care contract.

Across the Berkshire West area there are:

- 56 GP practices
- 53 dental practices
- 71 pharmacies
- 51 opticians

The Royal Berkshire NHS Foundation Trust is the general hospital used by most of the Berkshire West population. People living on the borders of the area also use hospitals in Wiltshire, Hampshire and Oxfordshire. Mental health and other community health services are provided by Berkshire Healthcare NHS Foundation Trust.

### **NHS Berkshire West Board/ Cluster Board**

During 2012/13 Berkshire East and Berkshire West PCTs continued to work together as a 'Cluster' PCT prior to the abolition of PCTs at the end of March 2013. The Boards of Berkshire East and Berkshire West PCTs formally delegated non-statutory powers to the Cluster Board to oversee the strategic and operational responsibilities of the PCTs during 2011/12 and 2012/2013. Most Executive Directors (except the Directors of Public Health NHS Berkshire West and East) and the Non-Executive Directors are appointed to both PCT Boards. During 2012/2013 the Berkshire East PCT Board met as part of the Cluster Board six times (including the AGM).

From January 2013, three of the Local Area Team's (NHS England) designate Directors also sat on the Board with the Managing Director designate assuming the Accountable Officer role.

### **The Board**

Sally Kemp Chair  
Charles Waddicor Chief Executive  
Helen Mackenzie Deputy Chief Executive 1  
Marion Andrews Evans, Director of Nursing and Governance  
Janet Meek, Director of Finance & Performance  
Pat Riordan Director of Public Health  
Bev Searle Director of Joint Commissioning 2  
Julie Curtis, Interim Director of Joint Commissioning 3  
David Buckle Medical Director 4  
Geoff Payne, Medical Director 5  
Matthew Tait, Accountable Officer 5  
Helen Clanchy, Director of Commissioning 5  
Wendy Bower Non-Executive Director  
Nasreen Bhatti Non-Executive Director  
Tony Devine Non-Executive Director  
Tony Dixon Non-Executive Director  
David George Non-Executive Director  
Saby Chetcuti Non-Executive Director  
Clive Wiggett Non Executive Director

1. Until 13 April 2012
2. Until September 2012
3. From September 2012, non-voting member
4. Until December 2012
5. From January 2013

### **Audit Committee**

It was agreed to form a joint Cluster Audit Committee with NHS Berkshire West PCT for 2012/2013 which replaced the separate PCT Audit Committees.

Members of the Audit Committee were as follows:

Tony Dixon Chair, Non-Executive Director, NHS Berkshire East and Chair\*  
Tony Devine Non-Executive Director, NHS Berkshire East  
Clive Wiggett, Non-Executive Director, NHS Berkshire West  
Saby Chetcuti, Non-Executive Director, NHS Berkshire West  
David George, Non-Executive Director, NHS Berkshire West and Chair\*

\*Tony Dixon and David George shared the chairing of the Committee

The joint Audit Committee met five times in 2012/2013. The NHS Berkshire East Audit Committee met additionally on one occasion to approve the 2011/12 Accounts.



## **Remuneration Committee**

There has been a shared Cluster Remuneration Committee since June 2011 and this continued to meet in 2012/13. Members were as follows:

Sally Kemp Chair

David George Berkshire West Audit Chair & Non-Executive Director

Tony Dixon Berkshire East Audit Chair & Non-Executive Director

Tony Devine Non-Executive Director

Wendy Bowyer, Non-Executive Director, NHS Berkshire West

## **Commissioned Services Quality Committee**

The Committee has been in existence since February 2012 and from July 2012 took on the relevant Berkshire West functions and actions of the former NHS Berkshire (PCT) Quality and Risk Committee. It operated during the year as a joint committee of the four shadow CCG Governing Bodies.

Its role was to provide performance management and assurance of the quality and safety of commissioned services including reviewing clinical performance/quality indicators, healthcare acquired infections, CQUIN performance, patient experience and serious incidents and ensuring there are robust systems and processes in place to safeguard adults and children.

The committee held eight meetings between February 2012 and March 2013 and covered areas including:

- High Impact Innovations
- Analysis of Community Acquired CDifficile
- PCT Quality Handover
- Suicides by mental health community patients
- A&E Performance
- Francis Report – Recommendations for commissioners

## **Membership comprised the following**

- CCG lay members (patient experience) x 4 (*1 as Chair*)
- Governing Body members x 4
- Accountable Officer
- Public health consultant
- Representative from the three Local Health Watch groups
- West Federation CCG Governing Body - Nurse member
- PCT Cluster Medical Director and Director of Nursing (during transition year – 2012/13)

## **CLINICAL COMMISSIONING GROUPS (CCGs)**

CCGs are the future of healthcare commissioning and take responsibility for this from 1 April 2013. There are four CCGs in Berkshire West, all have undergone and passed a rigorous authorisation process in order to take over the commissioning (purchase) of healthcare. They have all finalised their commissioning plans and have agreed to work jointly to collaborate on four major service areas:

- Planned admissions
- Urgent care
- Long term conditions
- Clinical change projects and other commissioning priorities

### **Newbury and District CCG**

The CCG is comprised of 11 practices serving a population of 113,000 with an excellent history of successful collaborative working.

As well as a Board and executive management team, it has established a GP Council with membership from all the practices to ensure all patients have a clear voice in setting the CCG's agenda.

This CCG has the lead role in Berkshire West for all planned care projects. It continues to participate in community rapid response and reablement, reducing unplanned emergency admissions of children to hospital and treating cellulitis in the community.

In addition, as some of its patients are treated in hospitals such as the Great Western Hospital in Swindon and Basingstoke and North Hampshire Hospital, the CCG is actively forming relationships with these organisations.

Many of the practices are actively using tools to identify people who are currently or are likely to require high levels of health care support. This means the CCG can manage health resources more efficiently as the average age of the population continues to rise.

For further information visit [www.newburyanddistrictccg.nhs.uk](http://www.newburyanddistrictccg.nhs.uk)

### **North and West Reading CCG**

This CCG is made up of ten practices, it covers a population of around 106,000. Nine of the ten practices use a tool to help better identify people with long term conditions who are likely to be high users of health services.

In keeping with its aim to integrate services between practices and hospitals, the CCG has specialist nurses for chronic obstructive pulmonary disease and heart failure to help patients manage their health outside hospital.

The CCG works closely with its counterparts in Newbury, South Reading and Wokingham in the West Berkshire Federation of CCGs. Two of its GPs are leading work on the

development of the new NHS 111 service for emergency care and on improving diabetes services which will include a diabetes specialist nurse for each CCG.  
For further information visit [www.nwreadingccg.nhs.uk](http://www.nwreadingccg.nhs.uk)

### **South Reading CCG**

This CCG has 20 practices covering a population of about 124,000 people and leads on the community response and reablement service, the introduction of new protocols and information for patients to reduce children's unplanned admissions to hospital. It is also investing in community services for diabetes, chronic obstructive pulmonary disease and heart failure.

For further information visit [www.southreadingccg.nhs.uk](http://www.southreadingccg.nhs.uk)

### **Wokingham CCG**

There are 14 practices in Wokingham CCG looking after the health needs of 155,000 people. It covers an area that broadly corresponds with that covered by Wokingham Borough Council.

As a result of all the practices working together to ensure all referrals, investigations and medication are appropriate, the CCG has already made some improvements. This is reflected in reduced referrals to hospital with more people treated at home and in the community. This will continue to be an ongoing trend.

The CCG has formed strong and productive relationships with patients, other CCGs and Wokingham Borough Council, as well as providers of community and mental health services to benefit its patients. Every practice has a patient representative group and the CCG intends to keep listening to and acting on the concerns and ideas of local people. It was the first CCG to hold a Board meeting in public.

For further information visit [www.wokinghamccg.nhs.uk](http://www.wokinghamccg.nhs.uk)

## Management Commentary Including Current Performance and Policy Targets

### NHS Berkshire West

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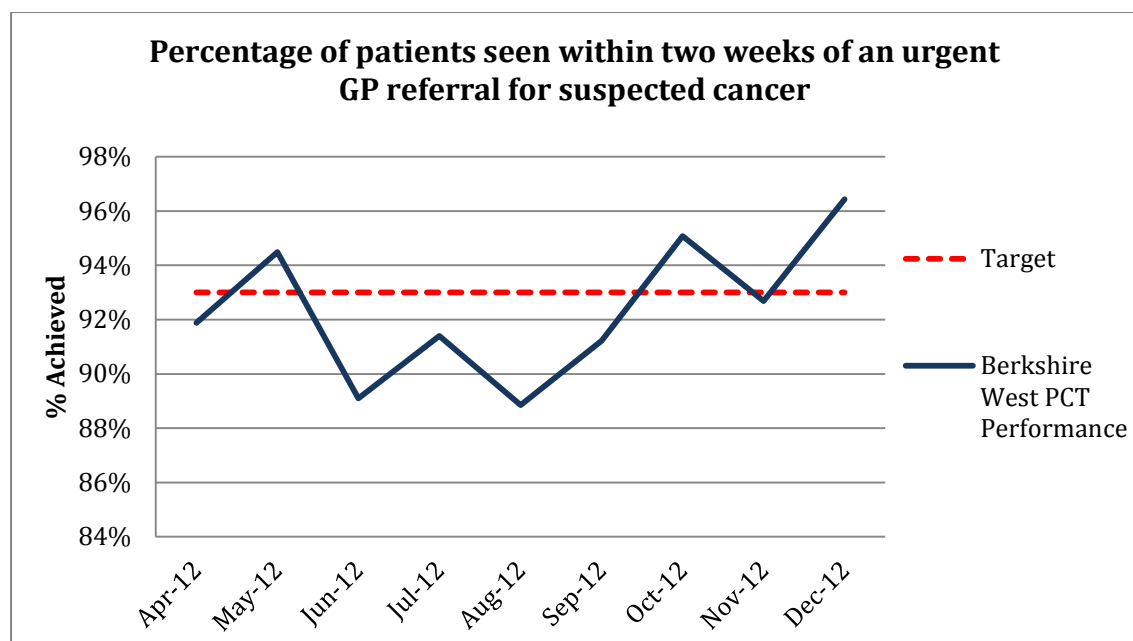
#### 1. Cancer Wait Times:

It is important that patients with suspected and diagnosed cancer have appointments, tests and treatments quickly. A number of specific pathways have been introduced to support timely care for cancer and suspected cancer patients. These include:

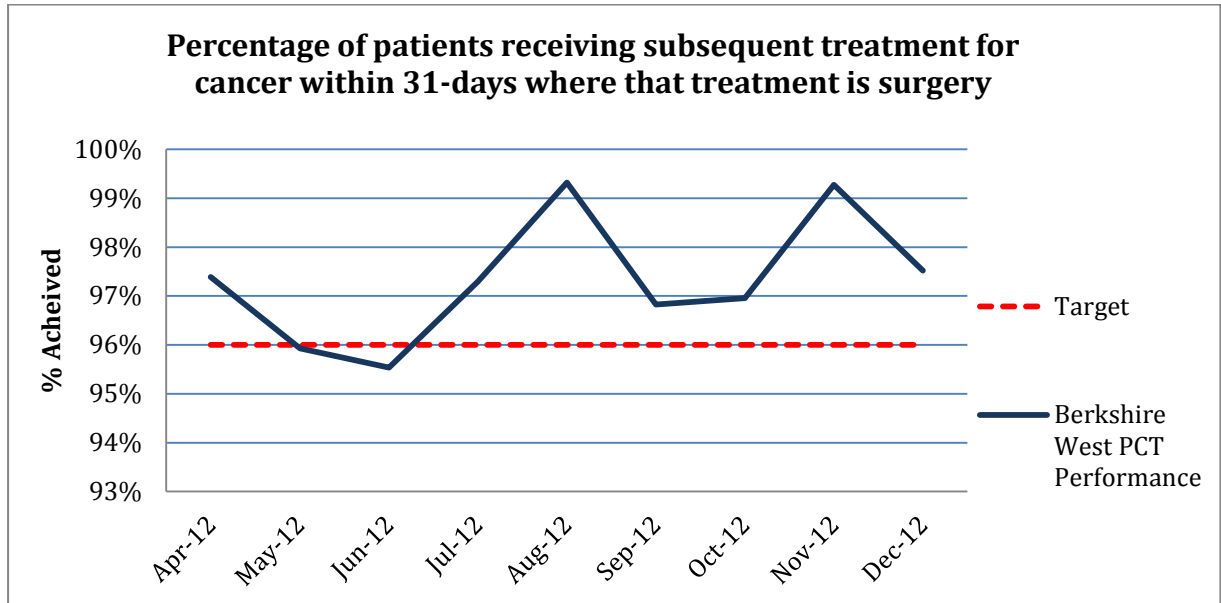
- Two weeks from urgent GP referral for suspected cancer to first hospital assessment
- 31 days from decision to treat to first treatment
- 62 days from urgent GP referral for suspected cancer to first treatment

Cancer wait time performance has continued to be a challenge for the PCT throughout the year. During the early part of the year there was under performance on some of the cancer standards which led to the PCT and Royal Berkshire Foundation Trust undertaking a joint investigation and developing an action plan. Areas of underperformance were addressed and saw continued improvement throughout the year with the PCT and providers working collaboratively to ensure sustainable improved performance.

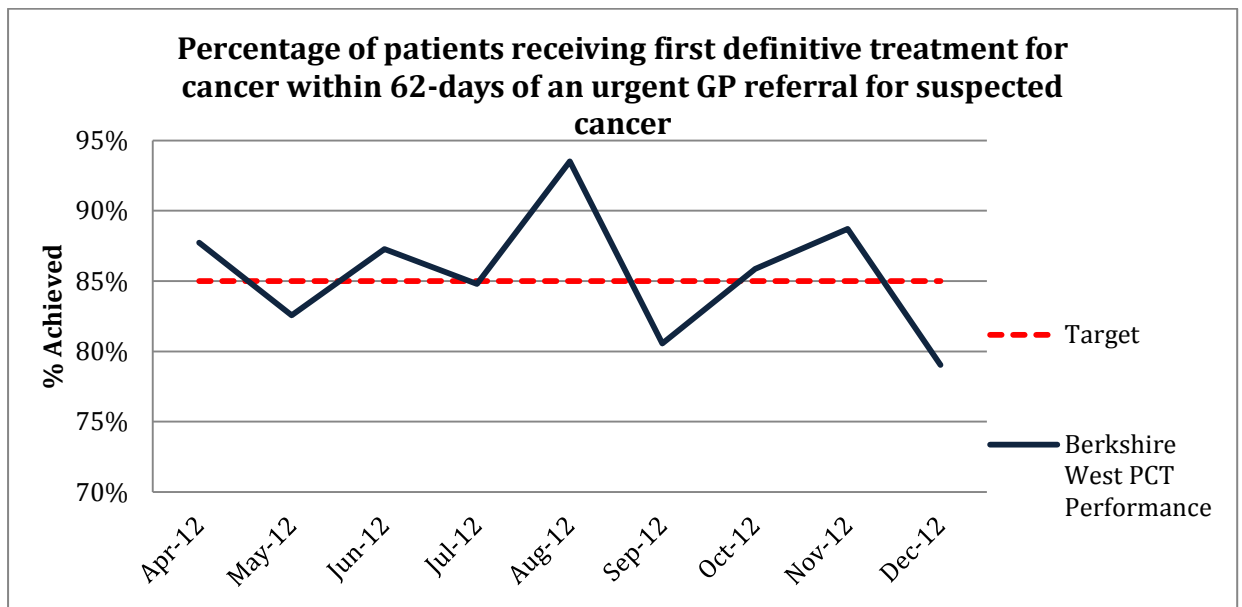
#### Two Week Wait Standard



### 31 Day Standard



### 62 Day Standard



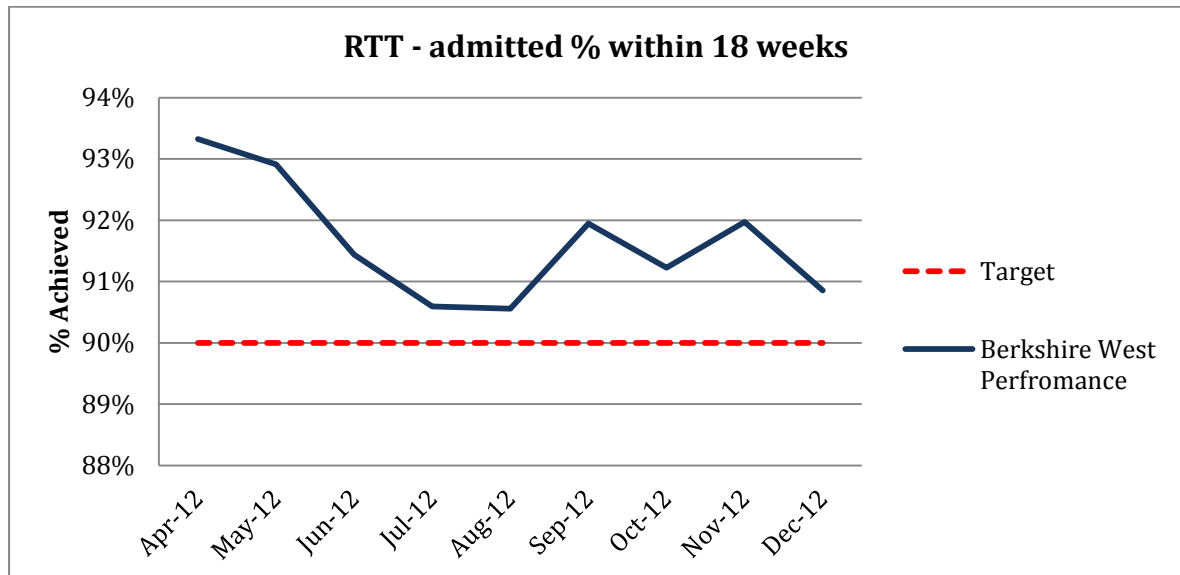
## 2. 18 Week Wait from referral to first definitive treatment:

Under the NHS Constitution, patients 'have the right to access services within maximum waiting times, or for the NHS to take all reasonable steps to offer a range of alternative providers if this is not possible'.

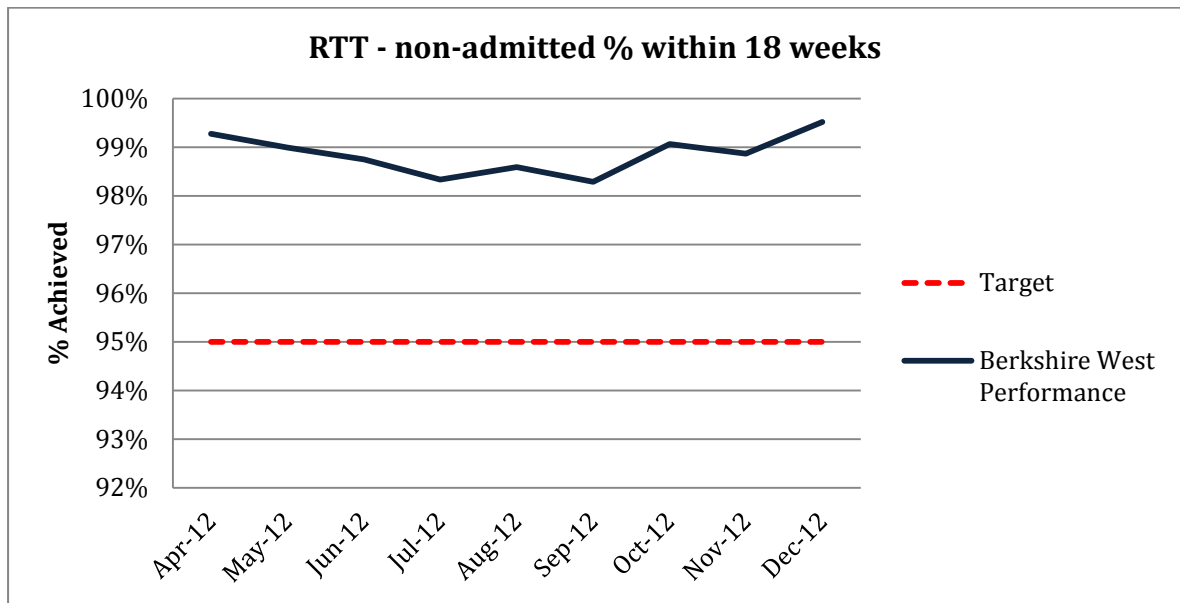
The NHS Operating Framework for 2012/13 sets out the 'Referral to Treatment' (RTT) operational standards that 90 per cent of admitted and 95% of non-admitted patients should start consultant-led treatment within 18 weeks of referral. Berkshire West PCT is on course to achieve both the admitted and non-admitted RTT targets for 2012/13.

The PCT performance and contract teams have worked collaboratively with the Royal Berkshire Hospital to ensure these targets are achieved through action plans and focus on RTT at the Planned Care Programme Board.

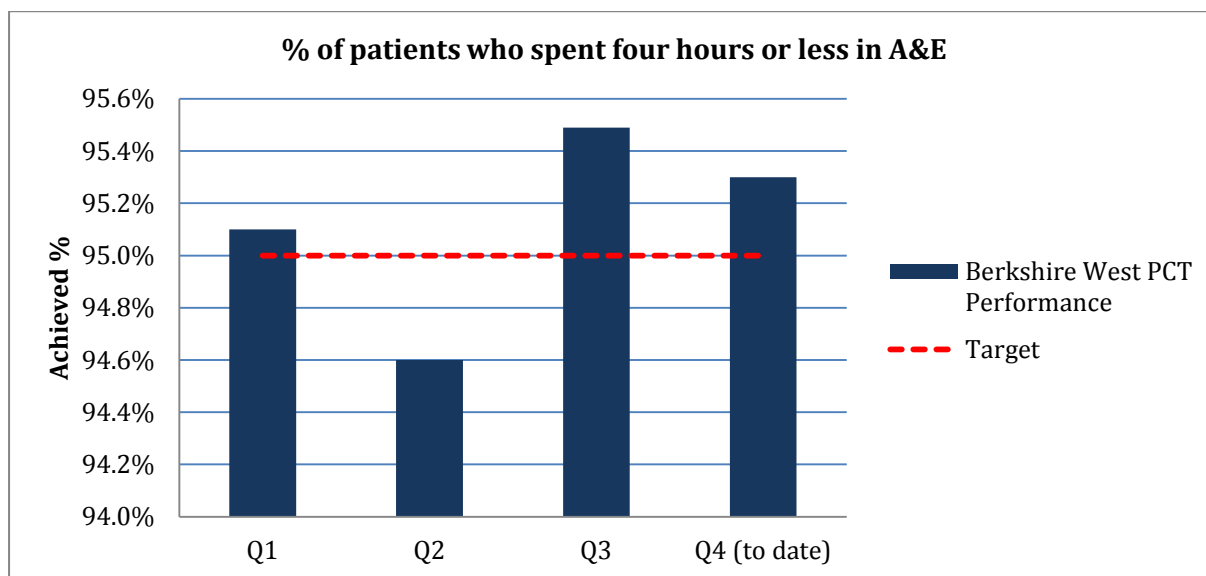
### Admitted pathway



### Non-admitted pathway



### 3. Accident and emergency four hour wait from attendance to discharge or admittance



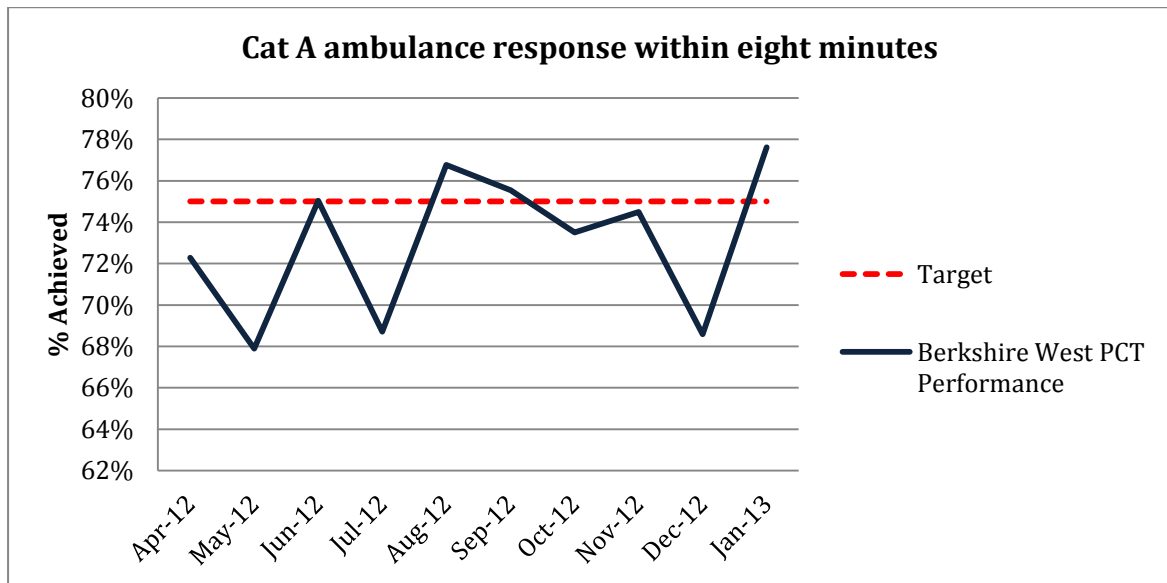
Berkshire West PCT is on course to succeed in meeting its target of 95 per cent of patients waiting four hours or less in accident and emergency at the Royal Berkshire Foundation Trust. Over the 2012/13 period, on average over 95 per cent of patients have waited in A&E for four hours or less before admission or discharge.

Despite a strong start to the year in terms of performance the hospital had a particularly challenging second quarter. To improve performance, there was a significant focus on this indicator at the Urgent Care programme board.

Actions included internal re-structure and new processes in A&E including Senior Triage operating extended hours, additional major capacity and a new pathway for GP urgent referrals. Through effective whole system communication, cooperation and planning, the worst effects of the seasonal norovirus outbreak were mitigated.



**4. Ambulance response time: eight minutes from call to arrival for category A incidents**



Berkshire West PCT is unlikely to achieve the Category A response time within eight minutes target for 2012/13. The target stands at 75 per cent and the year to date position 73.4 per cent.

There are three reasons for underperformance. At the start of the Year South Central Ambulance Service moved its Emergency Operations Centre (EOC) from Wokingham to a new site in Banbury and this had a medium term effect on its performance as staff settled into the new location.

Secondly, 2012/13 has seen a significant increase in demand for ambulance services across the south central area with Berkshire being the main area of growth. This has placed increased pressure on resources.

Thirdly and finally, October and November marked an early start to winter pressures at Royal Berkshire Foundation Trust. The flu season and outbreaks of norovirus meant that there were issues with delayed transfers from the hospital to social services. These delays at the “back door” reduced the flow of patients through the hospital resulting in delays in A&E, with ambulance crews unable to handover patients as quickly as usual.

Berkshire West PCT worked closely with the ambulance service and Hampshire PCT, the lead commissioners of the South Central contract, to improve performance. This work included regular contract meetings as well as developing a joint action plan to improve performance.

The resulting action plan produced by SCAS included redeploying units in Berkshire’s urban zones to match daily demand profiles. This had an immediate effect improving performance. October saw a further increase in demand above predicted levels, combined with the early onset of winter and the additional associated pressures which for the ambulance service meant handover delays at the hospital.

In December the PCT and SCAS asked for and were granted additional winter pressure funding via the Strategic Health Authority (SHA). This support provided additional crews and increased clinical support at the emergency operations centre. The additional support had an immediate effect in January when performance once again recovered to acceptable levels.

## **CONSULTATION WITH AND INFORMATION FOR STAFF**

The major focus of communication with staff this year was the transition to the new structure of the NHS which was born on 1 April 2013.

As a result of GP-led commissioning, all PCTs closed for business on 31 March 2013. A number of new organisations have taken over the work previously carried out by NHS Berkshire West, meaning that its staff needed to change roles and employers. The new organisations are:

- Clinical Commissioning Groups (CCGs)
- The NHS Commissioning Board Regional and Area Teams
- The Central Southern Commissioning Support Unit

Most staff have moved to one of these organisations, while public health staff have moved to one of Berkshire's six local authorities.

An intensive process was developed to support staff throughout the transition. Staff were pooled and matched to roles in the new organisations with the aim of ensuring that every member of staff found a suitable role.

A series of workshops was run to support staff through this process, helping them to understand new ways of working and to give practical advice on CV writing and interview techniques.

As a result, almost all NHS Berkshire West staff ended the year with roles in the new NHS organisations or with a local authority.

Berkshire News, a weekly electronic newsletter was produced throughout the transition period to keep all staff up to date with all the information they needed in a timely fashion. A dedicated section for transition news and updates was set up on the PCT's intranet and a special microsite was set up to allow staff who were absent from work through sickness or on maternity leave to be regularly updated.

The Chief Executive also held regular monthly briefings at both the Reading and Windsor headquarters to allow staff to be briefed face to face and to ask questions. Regular briefings specifically to address HR issues were also held on both sites.

## **POLICY ON EQUAL OPPORTUNITIES**

NHS Berkshire West was committed to ensuring a positive and active approach to promoting equality and diversity, both in the workplace and in the services commissioned for patients and families. NHS Berkshire East recognised and actively promoted the benefits of a diverse workforce and was committed to treating all employees with dignity and respect, regardless of race, gender, disability, age, sexual orientation, religion and belief.

## EMERGENCY PLANNING

All NHS organisations must ensure that they have plans in place to respond to any major incident or emergency which might threaten the health of the community, cause disruption to service delivery, or result in an abnormal pattern of casualties and whose impact cannot be handled without routine service arrangements. There is now a single system of emergency planning for the whole of Berkshire. The PCT planned for summer risks such as drought or heat wave and also had a dedicated plan to deal with winter emergencies. A special plan was formulated to cover additional pressures that might arise from the 2012 Olympic Games. Rowing and canoeing events took place close to Berkshire.

## SUSTAINABILITY AND CLIMATE CHANGE

### Overview

The need to embrace sustainability and address the challenges presented by climate change is imperative for both individuals and organisations. The UK Government's Climate Change Act (2008) reinforced the need to take action and has set some challenging mandatory carbon reduction targets for the country.

The NHS has recognised that, as the largest public sector organisation, it has a duty to be seen to be taking the lead in meeting the Government's carbon emission targets. How it aims to achieve this has been set out in its carbon reduction strategy (for NHS England) entitled *Saving Carbon, Improving Health*.

One of the key outcomes of this strategy is that all NHS organisations need to develop a Sustainable Development Management Plan.

Throughout the year, Berkshire West PCT was fully committed to playing a leading role in developing a truly sustainable National Health Service and combating climate change. It recognised that it had a fundamental responsibility to ensure its services and operational activities embraced the concept of sustainability, reduced its associated carbon emissions and adapted to a changing climate.

### Sustainability strategy

There is a Board approved Sustainable Development Policy whose aim is:

*To ensure that all the Trust's operational activities fully embrace sustainability, reduce greenhouse gas emissions and provide business resilience to meet changing climatic conditions.*

It recognises and accepts that this policy forms part of the overall principle of achieving a sustainable, flexible and efficient health service that is able to meet the needs of the local community while also meeting its climate change responsibilities.

To facilitate the policy statement the Trust put in place a Sustainable Development Management Plan (SDMP) which set out ten key objectives:

- Cut energy usage and carbon emissions and be climate change resilient
- Reduce the environmental impact from procurement

- Reduce environmental, social and economic impact from transport activities
- Protect and reduce the usage of water and natural resources
- Reduce and minimise waste production
- Reduce the environmental impact of the Trust's built infrastructure
- Empower staff and put sustainability at the core of the Trust's corporate identity
- Embrace partnership and stakeholder working and engagement
- Ensure the governance structure embraces corporate social responsibility and sustainability
- Maximise financial and partnership opportunities to embrace sustainability.

The SDMP has been prepared in accordance with the Department of Health and the Sustainable Development Unit's (NHS) guidance and best practice.

### Year on year progress

Over the past twelve months the Trust made major inroads in embedding sustainability and climate change at the core of the organisation. The key successes for 2012/13 were:

- Climate Change Adaptation Strategy developed and in draft format for consultation before being taken forward for Trust ratification and implementation
- Ensured sustainability and carbon management are both key considerations in all major procurement and service commissioning tenders
- Energy and water management policy developed and implemented
- Sustainable procurement policy developed and implemented
- Completed a second annual procurement survey of the Trust principal suppliers of goods and services to determine their sustainability and carbon management actions and credentials.

The preparation and full adoption by the Trust of its Sustainable Development Management Plan has been vital in providing a structured and detailed approach to mitigating the impact upon climate change and progressively instilling sustainable best practice and principles throughout the organisation.

### Governance

The governance structure to support and drive forward the SDMP was established in accordance with Department of Health guidance and best practice.

The delivery of the SDMP was monitored by the Sustainable Development Committee (SDC) which set the strategic direction, oversaw, co-ordinated and reported on progress to the Trust Board. To ensure the committee has sufficient authority, membership included a Board level Lead Director for sustainability.

The SDC facilitated the necessary cross organisational support and working that was required to successfully implement and embrace the SDMP, including:

- Develop, establish and promote core principles and clear milestones to shape and drive forward the SDMP

- Review and identify best practice already existing within the organisations
- Identify and support new initiatives that build and further improve the sustainability credentials of the partner organisations.

There was a dedicated sustainability manager to drive forward, champion and coordinate the sustainability and climate change agenda and implement the necessary actions. The Trust established and formalised collaborative working relationships, dealing specifically with sustainability and climate change, with the key public service providers across Berkshire.

Berkshire West PCT worked closely with its local and regional public service providers to ensure that there is continuity and a high level of cross organisational working with regard to sustainability and climate change.

It undertook joint emergency planning with healthcare partners, local authorities and blue light services for all material risk exposures including climate and weather patterns causing damage to property. This was undertaken via a number of interacting emergency planning groups including:

- Berkshire West Health Emergency Planning Group
- Thames Valley Local Resilience Forum
- Berkshire Resilience group
- Thames Valley Health Emergency Planning

These groups met on a regular basis and maintained formal minutes of proceedings.

In addition Berkshire West PCT has throughout 2012/13 engaged and worked with local authorities, South Central SHA, South Central Ambulance Service and other stakeholders on sustainability issues.

#### Summary of performance – non-financial and financial

| Area                                     |  | Non-financial data (applicable metric) | Non-financial data (applicable metric) |                               | Financial data (£) | Financial data (£) |
|--|--|--|--|-------------------------------|--------------------|--------------------|
|  |  | 2011/12                                | 2012/13                                |                               | 2011/12            | 2012/13            |
| <b>Waste minimisation and management</b> | Absolute values for total amount of waste produced by the Trust (tonnes) | 547                                    | 527                                    | Expenditure on waste disposal | £65,818            | £64,670            |
| <b>Finite Resources</b>                  | Water (M3)   | 29,854                                 | 22,505                                 | Water                         | £54,848            | £45,707            |
|  | Electricity MWh  | 3,306                                  | 3,402                                  | Electricity                   | £360,2106          | £323,919           |
|  | Gas MWh  | 4,013                                  | 4,170                                  | Gas                           | £139,806           | £133,527           |
|  | Other energy consumption MWh   | 0                                      | 0                                      | Other energy consumption      | 0                  | 0                  |

- All figures for 2012/13 include estimate data for the last three months of the financial year.
- The reduction in water consumption is due to no major leakage during 2012/13.
- The reduction in gas and electricity cost is due to new supply contracts.

## Future priorities and targets

### Priorities

The SDMP is a Board approved strategic plan and had the necessary governance structure and support to ensure its implementation.

The plan's individual actions embrace almost every aspect of the organisation's operational activities and some prioritisation has had to be made. Actions that have been deemed to be feasible, have the greatest impact and are cost effective have been given priority.

### Targets

The ten strategic objectives have a number of key targets which are:

To cut carbon emissions, energy usage and be climate change resilient:

- NHS carbon emissions target 10% of 2007 level by 2015.
- Climate Change Act (2008) carbon emissions target of 34% of 1990 level by 2020 and 80% by 2050.

To reduce the environmental impact from procurement:

- Reduce associated carbon emissions from procurement by 10% by 2015.
- 75% of principle providers of goods and services to have an environmental management system accreditation by 2015
- 75% of principle providers of goods and services to have a carbon management plan with board approved reduction targets by 2015
- All providers of goods and services to have a climate change adaptation strategy in place to ensure service continuity and resilience by 2015

Reduce environmental impact from transport activities:

- Increase year on year staff commuting by modes of transport other than the car.
- Cut carbon emissions from operational transport activities by 10% by 2015.

To protect and reduce the usage of water and natural resources:

- Reduce water consumption by 7% by 2016/17, relative to 2010/11 levels.

To reduce and minimise waste production:

- Reduce waste arisings by 20%, relative to 2010/11 levels by 2016/17.
- Increase recycling figures to 80% of waste arisings by 2016/17.
- Zero waste arisings to land fill by 2025.

To reduce the environmental impact of the Trust's built infrastructure:

- All Trust buildings meet typical benchmark rating for DEC's (Display Energy Certificates) by 2015.

To empower staff and put sustainability at the core of the Trust's corporate culture and identity:

- All major Trust sites to have a sustainability working group by 2014
- Achieve an Environmental Management System Accreditation by 2015.

To embrace partnership and stakeholder working and engagement:

- Maximise the synergies and joint work with external organisations.

To ensure governance structure embraces corporate social responsibility and sustainability:

- Achieve an 'Excellent' rating for the Good Corporate Citizenship Assessment Model by 2015.

To maximise financial and partnership opportunities to embrace sustainability:

- Facilitate one exemplar carbon reduction project within the Trust by 2015.

### **Monitoring**

A strong monitoring system is vital to track the success of the SDMP and to demonstrate how the Trust is meeting its obligations to reduce carbon emissions and embed sustainability across the organisation.

Specific monitoring regimes that were already in place were utilised to assist with the measuring of the actions set out in the SDMP and further processes will be introduced where required. This approach uses current information gathering processes, with refinements where necessary, so as not to increase further data gathering activities and burdens.

Statutory reporting and monitoring took place through a number of organisations including the Estate Return Information Collection (ERIC), the Care Quality Commission, Monitor and the Strategic Health Authority.

The Trust's registration and application of the Good Corporate Citizen Assessment Model is another monitoring tool which identifies areas where the Trust is excelling and where it needs to focus specific actions to further evolve its sustainability credentials.

There is also an internal requirement to report on the implementation of the SDMP's action plan on a quarterly basis to the Sustainable Development Committee.

A comprehensive web based database was maintained for the performance management of resources and information is reported in line with Department of Health requirements.



## **FINANCIAL ACCOUNTS**

### **Operating and financial review**

NHS Berkshire West performance against financial targets in 2012/2013 was as follows:

- The final outturn was a revenue surplus of £11.470m against a revenue resource limit of £693.7m which was an improvement of £7.89m over 2011/2012
- Capital Expenditure in 2012/2013 was within the Capital Resource Limit of £1.15m
- The cash position was managed within available resource limits

The summary financial statements which are shown at the end of this review set out the PCT's financial performance for the year to 31<sup>st</sup> March 2013 and are presented in the format which is recommended by the Department of Health. These provide comparisons of the funding allocation and expenditure in 2011/2012.

The NHS Berkshire Board approved the operating plan and budgets for the year in March 2012 which included a planned surplus of £6.471m. This was exceeded in year despite continuing pressure from higher than planned activity in secondary care, through the success of other savings schemes, particularly in prescribing and out of hospital care, and through the effective use of contingencies and reserves. 2012/2013 has been a year of continued improving financial performance, with Clinical Commissioning Groups (CCGs) coming into being and making a difference in the PCT ability to deliver increased quality and efficiency of services.

Looking forward, the years of real terms growth in funding allocations have come to an end and the PCT in its final year has effectively managed the increasing costs of an ageing population whilst continuing to deliver cross economy savings schemes whilst ensuring patient quality and safety is maintained. 2012/2013 was the final year of the PCT, its commissioning responsibilities transferring to either the four CCGs in Berkshire West, NHS England or the Local Authorities as appropriate and set out in the Health and Social Care Act 2012.

I would like to thank the staff for their hard work and commitment during this complex transition year.

Janet Meek  
Interim Director of Finance

### Summary Financial Statements 2012/2013

| <b>Statement of Comprehensive net Expenditure</b> | <b>31-March-13<br/>£'000</b> | <b>31-March-12<br/>£'000</b> |
|---|------------------------------|------------------------------|
| Commissioning                                     | 692,628                      | 672,598                      |
| Employee Benefits                                 | 14,793                       | 12,569                       |
| Other Gains/Loss                                  | 213                          | 0                            |
| Interest Paid                                     | 1,375                        | 1,295                        |
| <b>Total</b>                                      | <b>709,009</b>               | <b>686,462</b>               |
| Less miscellaneous income                         | (26,776)                     | (22,335)                     |
| <b>Net Operating Costs</b>                        | <b>682,233</b>               | <b>664,127</b>               |

|   | <b>General Fund<br/>£'000</b> | <b>Revaluation Reserve<br/>£'000</b> | <b>Doanted Asset Reserve<br/>£'000</b> | <b>Total Reserves<br/>£'000</b> |
|---|-------------------------------|--------------------------------------|--|---------------------------------|
| <b>Statement in Taxpayer's Equity for 2012/13</b>   |                               |                                      |  |                                 |
| Balance @ 1st April 2012  | (17,446)                      | 12,591                               | 0                                      | (4,855)                         |
| Net Operating Cost for the year   | (682,233)                     |                                      |  | (682,233)                       |
| Net Gain on Revaluation of property, plant, equipment Receipt of donated or government assets |                               | 938                                  |  | 938                             |
| Impairments and Reversals   |                               | (450)                                |  | (450)                           |
| Release of reserves to OCS  |                               |                                      |  | 0                               |
| Non-cash charges - cost of Capital  |                               |                                      |  | 0                               |
| Transfers between reserves  | 0                             | 0                                    |  | 0                               |
| <b>Total recognised income and expenditure 2012/2013</b>                                      | <b>(682,233)</b>              | <b>488</b>                           | <b>0</b>                               | <b>(681,745)</b>                |
| Net Parliamentary Funding   | 676,932                       |                                      |  | 676,932                         |
| Balance at 31st March 2013  | (22,747)                      | 13,079                               | 0                                      | (9,668)                         |

|   | <b>31 March 2013<br/>£'000</b> | <b>31 March 2012<br/>£'000</b> |
|---|--------------------------------|--------------------------------|
| <b>Cash Flow Statement For the Year Ended</b>     |                                |                                |
| <i>Operating Activities</i>                       |                                |                                |
| Net cash (outflow) from Operating Activities      | (675,596)                      | (654,368)                      |
| <i>Capital Expenditure</i>                        |                                |                                |
| Payments to acquire fixed assets                  | (955)                          | (1,350)                        |
| <b>Net Cash inflow/(outflow) before Financing</b> | <b>(676,551)</b>               | <b>(655,718)</b>               |
| <i>Financing</i>                                  |                                |                                |
| Net Cash Inflow from financing                    | 676,575                        | 655,709                        |
| Cash Equivalents at the beginning of the period   | (9)                            | 0                              |
| <b>(Decrease)/Increase in Cash</b>                | <b>15</b>                      | <b>(9)</b>                     |

| <b>Statement of Financial Position as at:</b>                      | <b>31 March 2013<br/>£'000</b> | <b>31 March 2012<br/>£'000</b> |
|--|--------------------------------|--------------------------------|
| <b>Non current Assets (Net Book Value)</b>                         | <b>50,856</b>                  | <b>52,327</b>                  |
| <i>Current Assets</i>  |                                |                                |
| Inventories  | 0                              | 0                              |
| Trade and Other Receivables  | 4,709                          | 9,122                          |
| Cash and Cash Equivalents  | 15                             | 0                              |
| <b>Total Current Assets</b>  | <b>4,724</b>                   | <b>9,122</b>                   |
| <b>Total Assets</b>  | <b>55,580</b>                  | <b>61,449</b>                  |
| <i>Current Liabilities</i>   |                                |                                |
| Trade and other Payables   | (36,479)                       | (46,762)                       |
| Other Liabilities & Borrowings                                     | (6,000)                        | (4,851)                        |
| <b>Total Current Liabilities</b>                                   | <b>(42,479)</b>                | <b>(51,613)</b>                |
| <b>Non Current Assets plus/less Net Current Assets/Liabilities</b> | <b>13,101</b>                  | <b>9,836</b>                   |
| Non Current Liabilities  | (22,769)                       | (14,691)                       |
| <b>Total Assets Employed</b>                                       | <b>(9,668)</b>                 | <b>(4,855)</b>                 |
| Financed By:   |                                |                                |
| <b>General Fund</b>  | <b>(22,747)</b>                | <b>(17,446)</b>                |
| Revaluation Reserve  | 13,079                         | 12,591                         |
| Other Reserves   |                                | 0                              |
| <b>Total Taxpayers Equity</b>                                      | <b>(9,668)</b>                 | <b>(4,855)</b>                 |

## Running Costs

| <b>Running Costs 2012/13</b>                             | <b>Commissioning Services</b> | <b>Public Health</b> | <b>Total</b> |
|--|-------------------------------|----------------------|--------------|
| Running Costs (£'000s)                                   | 11,970                        | 2,613                | 14,583       |
| Weighted Population (Number)                             | 392,859                       | 392,859              | 392,859      |
| <b>Running costs per head of population (£ per Head)</b> | <b>30</b>                     | <b>7</b>             | <b>37</b>    |

| <b>Running Costs 2011/12</b>                             | <b>Commissioning Services</b> | <b>Public Health</b> | <b>Total</b> |
|--|-------------------------------|----------------------|--------------|
| Running Costs (£'000s)                                   | 16,135                        | 1,756                | 17,891       |
| Weighted Population (Number)                             | 392,859                       | 392,859              | 392,859      |
| <b>Running costs per head of population (£ per Head)</b> | <b>41</b>                     | <b>4</b>             | <b>46</b>    |

## Finance Performance Targets

The PCT is required to at least break-even in each financial year. The performance over the past two years has been as follows:

| <b>Operational Financial Balance</b> | <b>2012/13<br/>£'000</b> | <b>2011/12<br/>£'000</b> |
|--------------------------------------|--------------------------|--------------------------|
| Total Net Operating Cost             | 682,233                  | 664,127                  |
| Resource Limit                       | 693,703                  | 667,707                  |
| <b>Operating Financial Balance</b>   | <b>11,470</b>            | <b>3,580</b>             |

The PCT is required to keep within its capital Resource Limit. The performance over the past two years has been as follows:

| <b>Capital Resource limit</b>                | 31-March-13<br>£'000 | 31-March-12<br>£'000 |
|--|----------------------|----------------------|
| Gross Capital Expenditure                    | 585                  | 744                  |
| Less Disposals / Donations                   | (213)                | 0                    |
| <b>Charge against Capital Resource Limit</b> | <b>372</b>           | <b>744</b>           |
| Capital Resource limit                       | <b>1,155</b>         | <b>2,030</b>         |
| (Under) / over Capital Resource Limit        | <b>783</b>           | <b>1,286</b>         |

### External Auditors

Our external auditors are KPMG. The external auditors are responsible for conducting the audit of the PCT's annual accounts under the Audit Commission's Code of External Audit Practice. The cost for external audit for 2012/2013 was £120,000.00

### Better Payment Practice Code

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

| <b>Non NHS Invoices</b>                       | <b>2012-13<br/>Invoices</b> | <b>2012-13<br/>£'000</b> | <b>2011-12<br/>Invoices</b> | <b>2011-12<br/>£'000</b> |
|---|-----------------------------|--------------------------|-----------------------------|--------------------------|
| Total Bills paid in Year                      | 17,376                      | 69,763                   | 16,624                      | 63,308                   |
| Total Billd paid within target                | 16,883                      | 67,492                   | 16,317                      | 60,469                   |
| <b>Percentage of Bills paid within Target</b> | 97.2                        | 96.7                     | 98.2                        | 95.5                     |

| <b>NHS Invoices</b>                           | <b>2012-13<br/>Invoices</b> | <b>2012-13<br/>£'000</b> | <b>2011-12<br/>Invoices</b> | <b>2011-12<br/>£'000</b> |
|---|-----------------------------|--------------------------|-----------------------------|--------------------------|
| Total Bills paid in Year                      | 2,783                       | 486,787                  | 2,743                       | 434,668                  |
| Total Billd paid within target                | 2,608                       | 456,967                  | 2,536                       | 424,158                  |
| <b>Percentage of Bills paid within Target</b> | 93.7                        | 93.9                     | 92.5                        | 97.6                     |

## **Related Party Transactions**

During the year none of the Department of Health Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Berkshire West Primary Care Trust

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

Ashford & St Peter's Hospitals NHS Foundation Trust  
Berkshire East PCT  
Berkshire Healthcare NHS Foundation Trust  
Buckinghamshire Healthcare NHS Trust  
Buckinghamshire PCT  
East and North Hertfordshire NHS Trust  
Frimley Park Hospital NHS Foundation Trust  
Great Western Hospital NHS Foundation Trust  
Hampshire Hospital NHS Foundation Trust  
Hampshire PCT  
Heatherwood and Wexham Park Hospitals NHS Foundation Trust  
NHS Business Services Authority  
NHS Litigation Authority  
NHS Pensions Agency  
Oxford University Hospital NHS Trust  
Oxfordshire PCT  
Royal Berkshire NHS Foundation Trust  
Royal Brompton & Harefield NHS Foundation Trust  
Royal Surrey County NHS Foundation Trust  
South Central Ambulance Service NHS Foundation Trust  
South Central Strategic Health Authority  
Surrey PCT

The following GPs were leads for the shadow Clinical Commissioning Groups. The PCT had significant transactions with the practices where these GPs were partners

Dr Abid Irfan - Northcroft Surgery - lead for Newbury and District CCG  
Dr Elizabeth Johnston - University Medical Centre - lead for South Reading CCG  
Dr Rod Smith - Balmore Park Surgery - lead for North and West Reading CCG  
Dr Stephen Madgwick - Brookside Group Practice - lead for Wokingham CCG

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with unitary authorities within Berkshire in respect of joint health and social services commissioning.

The PCT has received no material amounts from Charitable Funds. The Charitable Funds are managed by Berkshire Healthcare NHS Foundation Trust.

## Salaries and Allowances

| Name                  | Title                                     | Employing PCT            | Berkshire East PCT      | Berkshire West PCT      | 2012-13 Total Paid       |                                      |   | 2012-13                                |  | 2011-12                  |                                      |   |
|-----------------------|---|--------------------------|-------------------------|-------------------------|--------------------------|--------------------------------------|---|--|--|--------------------------|--------------------------------------|---|
|                       |   |                          |                         |                         | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Benefits in kind Rounded to the nearest £00 | Berkshire East Share (bands of £5,000) | Berkshire West Share (bands of £5,000) | Salary (bands of £5,000) | Other Remuneration (bands of £5,000) | Benefits in kind Rounded to the nearest £00 |
|                       |   |                          |                         |                         | £'000                    | £'000                                | £'00  |  |  | £'000                    | £'000                                | £'00  |
| Charles Waddicor*     | Chief Executive                           | Berkshire West           | April 2012 - March 2013 | April 2012 - March 2013 | 145-150                  | 70-75                                | 0   | 65-70                                  | 75-80                                  | 145-150                  | 0                                    | 0   |
| Helen Mackenzie*      | Deputy Chief Executive                    | Berkshire West           | April 2012 - Sept 2012  | April 2012 - Sept 2012  | 45-50                    | 0                                    | 0   | 0-5                                    | 40-45                                  | 95-100                   | 0                                    | 0   |
| Bev Searle*           | Director of Joint Commissioning           | Berkshire West           | April 2012 - Sept 2012  | April 2012 - March 2013 | 100-105                  | 0-5                                  | 0   | 20-25                                  | 75-80                                  | 85-90                    | 0                                    | 0   |
| David Buckle*         | Medical Director                          | Berkshire West           | April 2012 - Dec 2012   | April 2012 - March 2013 | 115-120                  | 0                                    | 0   | 40-45                                  | 75-80                                  | 115-120                  | 0                                    | 0   |
| Janet Maxwell         | Director of Public Health                 | Berkshire West           | April 2012 - Dec 2012   | April 2012 - Dec 2012   | 85-90                    | 0                                    | 0   |  | 85-90                                  | 115-120                  | 0                                    | 0   |
| Janet Meek*           | Interim Director of Finance & Performance | Berkshire West           | April 2012 - March 2013 | April 2012 - March 2013 | 105-110                  | 0-5                                  | 0   | 50-55                                  | 55-60                                  | 20-25                    | 0                                    | 0   |
| Marion Andrews-Evans* | Director of Nursing & Governance          | Berkshire West           | April 2012 - March 2013 | April 2012 - March 2013 | 90-95                    | 0                                    | 0   | 40-45                                  | 45-50                                  |                          |                                      |   |
| Pat Riordan*          | Director of Public Health                 | Berkshire East           | April 2012 - March 2013 | Jan 2013 - March 2013   | 130-135                  | 0                                    | 0   | 115-120                                | 15-20                                  | 130-135                  | 0                                    | 0   |
| Julie Curtis*         | Interim Director of Joint Commissioning   | Berkshire West           | Sep 2012 - March 2013   | Sep 2012 - March 2013   |                          |                                      |   |  |  |                          |                                      |   |
| Geoff Payne*          | Medical Director                          | Oxfordshire              | Jan 2013 - March 2013   | Jan 2013 - March 2013   |                          |                                      |   |  |  |                          |                                      |   |
| Matthew Tait*         | Accountable Officer                       | Oxfordshire              | Jan 2013 - March 2013   | Jan 2013 - March 2013   |                          |                                      |   |  |  |                          |                                      |   |
| Helen Clanchy*        | Director of Commissioning                 | Oxfordshire              | Jan 2013 - March 2013   | Jan 2013 - March 2013   |                          |                                      |   |  |  |                          |                                      |   |
| Eve Baker*            | Director of Finance                       | Berkshire West           |                         |                         |                          |                                      |   |  |  | 120-125                  |                                      |   |
| Nigel Foster*         | Acting Director of Finance & Performance  | Berkshire West           |                         |                         |                          |                                      |   |  |  | 95-100                   |                                      |   |
| Cathy Winfield        | Director of Commissioning                 | Berkshire West           |                         |                         |                          |                                      |   |  |  | 95-100                   |                                      |   |
| Penny Thorpe          | Executive Director                        | Berkshire West           |                         |                         |                          |                                      |   |  |  | 85-90                    |                                      |   |
| David Williams*       | Director of Locality Development          | Berkshire East           |                         |                         |                          |                                      |   |  |  | 90-95                    |                                      |   |
| <b>NON EXECUTIVE</b>  |   |                          |                         |                         |                          |                                      |   |  |  |                          |                                      |   |
| Sally Kemp*           | Chairman                                  | Berkshire East           | April 2012 - March 2013 | April 2012 - March 2013 | 35-40                    | 0                                    | 0   | 15-20                                  | 15-20                                  | 35-40                    | 0                                    | 0   |
| David George          | Non Executive Director                    | Berkshire West           |                         | April 2012 - March 2013 | 10-15                    | 0                                    | 0   |  | 10-15                                  | 10-15                    | 0                                    | 0   |
| Saby Chetcuti         | Non Executive Director                    | Berkshire West           |                         | April 2012 - March 2013 | 5-10                     | 0                                    | 0   |  | 5-10                                   | 5-10                     | 0                                    | 0   |
| Wendy Bower*          | Non Executive Director                    | Berkshire West           | April 2012 - March 2013 | April 2012 - March 2013 | 5-10                     | 0                                    | 0   | 0-5                                    | 0-5                                    | 5-10                     | 0                                    | 0   |
| Clive Wiggett*        | Non Executive Director                    | Berkshire West           | April 2012 - March 2013 | April 2012 - March 2013 | 5-10                     | 0                                    | 0   | 0-5                                    | 0-5                                    | 5-10                     | 0                                    | 0   |
| Anthony Devine*       | Non-Executive Director                    | Berkshire East           | April 2012 - March 2013 | April 2012 - March 2013 | 5-10                     | 0                                    | 0   | 0-5                                    | 0-5                                    | 5-10                     | 0                                    | 0   |
| Brian Hendon*         | Non-Executive Director                    | Berkshire East           |                         |                         |                          |                                      |   |  |  | 5-10                     |                                      |   |
| Nasreen Bhatti*       | Non-Executive Director                    | Berkshire East           |                         |                         |                          |                                      |   |  |  | 5-10                     |                                      |   |
| Roger Anthony Stock*  | Non-Executive Director                    | Berkshire East           |                         |                         |                          |                                      |   |  |  | 5-10                     |                                      |   |
| Janet Rutherford*     | Non-Executive Director                    | Berkshire West           |                         |                         |                          |                                      |   |  |  | 5-10                     |                                      |   |
| Jackie McGlyn*        | PEC Member                                | Berkshire East           |                         |                         |                          |                                      |   |  |  | 50-55                    | 45-50                                |   |
| Caroline Cooper*      | PEC Member                                | Berkshire East           |                         |                         |                          |                                      |   |  |  | 0-5                      |                                      |   |
| Dr Rod Smith          | Shadow CCG Leads                          | North & West Reading CCG |                         | April 2012 - March 2013 | 0                        | 105-110                              | 0   | 0                                      | 0                                      | 0                        | 55-60                                | 0   |
| Dr Elizabeth Johnston | Shadow CCG Leads                          | South Reading CCG        |                         | April 2012 - March 2013 | 0                        | 90-95                                | 0   | 0                                      | 0                                      | 0                        | 50-55                                | 0   |
| Dr Abid Irfan         | Shadow CCG Leads                          | Newbury & District CCG   |                         | April 2012 - March 2013 | 0                        | 100-105                              | 0   | 0                                      | 0                                      | 0                        | 80-85                                | 0   |
| Dr Stephen Madgwick   | Shadow CCG Leads                          | Wokingham CCG            |                         | April 2012 - March 2013 | 0                        | 100-105                              | 0   | 0                                      | 0                                      | 0                        | 95-100                               | 0   |



## Pension Benefits

| Name             | Title                                     | Real increase in pension at age 60 (bands of £2,500) | Real increase in pension lump sum at age 60 (bands of £2,500) | Total accrued pension at age 60 at 31 March 2013 (bands of £5,000) | Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000) | Cash Equivalent Transfer Value at 31 March 2013 | Cash Equivalent Transfer Value at 31 March 2012 | Real increase in Cash Equivalent Transfer Value | Employer's contribution to stakeholder pensions |
|------------------|---|--|---|--|--|---|---|---|---|
|                  |   | £'000  | £'000   | £'000  | £'000  | £'000   | £'000   | £'000   | £'00  |
| Charles Waddicor | Chief Executive                           | (2.5)-(5)  | (10)-(12.5)   | 70-75  | 210-215  | 0   | 0   | 0   | 0   |
| Bev Searle       | Director of Joint Commissioning           | 2.5-5  | 7.5-10  | 30-35  | 95-100   | 637   | 532   | 77  | 0   |
| David Buckle     | Medical Director                          | 2.5-5  | 12.5-15   | 60-65  | 180-185  | 1,309   | 1,128   | 122   | 0   |
| Janet Maxwell    | Director of Public Health                 | 0-2.5  | 2.5-5   | 45-50  | 135-140  | 1,015   | 904   | 48  | 0   |
| Janet Meek       | Interim Director of Finance & Performance | 0-2.5  | 2.5-5   | 20-25  | 65-70  | 423   | 363   | 41  | 0   |
| Pat Riordan      | Director of Public Health                 | 0-(2.5)  | 0-(2.5)   | 30-35  | 100-105  | 761   | 677   | 48  | 0   |

\*These are or were for at least a portion of the year members of the Berkshire Cluster Board.

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

### Cash Equivalent Transfer Values

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

### Real Increase in CETV

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

## 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 Berkshire West in the financial year 2012/13 was £219,914(2011/12, £148,186). This was 6.8 times (2011/12, 4.4 times) the median remuneration of the workforce, which was £32,499 (2011/12, £33,208).

In 2012/13, zero (2011/12, zero) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 to £220,000(2011/12 £10,000-£148,000)

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

### Staff Sickness

For 2012/13 the average days lost due to sickness were calculated as follows:

|                           |                               |
|---------------------------|-------------------------------|
| Total Days Lost           | <b>Number</b><br><b>1,983</b> |
| Average FTE               | <b>401</b>                    |
| Average working Days Lost | <hr/> <b>4.95</b> <hr/>       |

Source: Information Centre - Sickness Absence Publications and iView Workforce Staff in Post - based on data from the ESR Data Warehouse  
Period covered: January to December 2012

**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: Matthew Tait

Date: 06 June 2013

## 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.

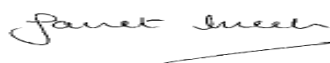
By order of the Permanent Secretary.



.....Signing Officer

Matthew Tait

Date: 06 June 2013



.....Finance Signing Officer

Janet Meek

Date: 06 June 2013

## **INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF BERKSHIRE WEST PCT ON THE SUMMARY FINANCIAL STATEMENT**

We have examined the summary financial statement for the year ended 31 March 2013 set out on pages 21 to 32 .

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

### **Respective responsibilities of directors and auditor**

The Responsible 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.

### **Basis of opinion**

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 Berkshire West PCT for the year ended 31 March 2013 on which we have issued an unqualified opinion.

Jonathan Brown for and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

07 June 2013



Department  
of Health



# Berkshire West Primary Care Trust

2012-13 Accounts

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# Berkshire West Primary Care Trust

2012-13 Accounts





# ***Berkshire West***



**2012–13**

**The Annual Accounts**

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**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: Matthew Tait      Date 6<sup>th</sup> June 2013.

## STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

By order of the Permanent Secretary.



6<sup>th</sup> June 2013..Date.....Signing Officer

Matthew Tait



6<sup>th</sup> June 2013...Date .....Finance Signing Officer

Janet Meek

## **ANNUAL GOVERNANCE STATEMENT 2012/2013 NHS Berkshire West PCT (5QF)**

### **1. Scope of responsibility**

- 1.1 The Board is accountable for internal control. As Accountable Officer 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.
- 1.2 In order to meet my responsibilities as Accountable Officer I have processes in place to ensure good working arrangements with partner organisations. These include:
- Supporting and facilitating the development of Clinical Commissioning Groups and their successful authorisation as statutory organisations
  - Regular performance meetings with South Central Strategic Health Authority
  - Regular meetings with our main local provider Trusts and three local unitary authorities
  - Meetings of PCT Cluster CEOs in the SHA to work collaboratively to deliver regional strategic commissioning priorities
  - PCT representation within key partnership work, for example the Local Strategic Partnerships, Local Safeguarding Boards, participation in Health Scrutiny Panels.
  - Developing our systems of engagement with the local population including consultations on proposed service changes.
- 1.3 Directors have delegated responsibilities to link with partner organisations.
- 1.4 I am also responsible for systems of internal control of the shared service which is hosted by Berkshire West PCT – Thames Valley Primary Care Agency.

### **2. The purpose of the system of internal control**

- 2.1 The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:
- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives
  - evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.2 The system of internal control has been in place in Berkshire West PCT for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

### **3. Governance Framework of the Organisation**

#### **3.1 PCT Board and Cluster Board**

- 3.1 The White Paper 'Equity and Excellence: Liberating the NHS' (July 2010) included the proposal to transfer the commissioning of health services to a National Commissioning Board and Clinical Commissioning Groups and the abolition of PCTs by 31 March 2013.
- 3.2 The NHS Operating Framework 2011/12 required the creation of PCT clusters to ensure resilience during the transition period between the demise of the PCT and the handover of commissioning responsibility to Clinical Commissioning Groups. During this transition period, critical business functions needed to be maintained whilst facilitating the development of Clinical Commissioning Groups as part of their journey towards authorisation.
- 3.3 In line with this direction, NHS Berkshire East PCT and NHS Berkshire West PCT formed the NHS Berkshire Cluster on 1 June 2011. A memorandum of understanding was agreed between the two organisations setting out the working arrangements of the Cluster.
- 3.4 The PCT Boards continue to be separate legal entities with statutory responsibility to fulfil the duties of a PCT. However the majority of the business of both PCTs is conducted on a cluster basis under powers delegated by each PCT Board to the Cluster Board in the Standing Orders and Standing Financial Instructions.
- 3.5 In order to facilitate the operation of the cluster, designated Non-Executives and all Executives have been appointed to both PCT Boards. The Chair of each Audit Committee is appointed solely to their respective Board but is also a member of the Cluster Board. Other designated NEDS remain on the PCT Board fulfilling a distinct role and function.

#### **3.2 Committees of the PCT Board and Cluster Board**

##### **3.2.1 Audit Committee**

During 12-13 the PCT's Audit Committee has conducted its meetings with the Audit Committee of Berkshire East as a shared Cluster Audit Committee. The terms of reference for the Cluster committee were approved on 27.3.12. The Cluster committee has managed its business so that the separate statutory requirements of each PCT are met. The minutes of the Audit Committee are noted by the Cluster Board.

##### **3.2.2 Executive Committee**

The Executive Committee is a statutory committee of the PCT Board (known as West Federation Commissioning Committee). It is led by the leads of the Clinical Commissioning Groups in the PCT and is integral to the achievement of the PCT's objectives and transition of responsibility to Clinical Commissioning Groups in April 2013. The Board receives the minutes of its meetings and particular issues have been identified in the Medical Director's report to the Cluster Board.

### **3.2.3 Remuneration & Terms of Service Committee**

As the Executive Directors are appointed to both PCTs, the Remuneration & Terms of Service Committee has been established as a committee of the Cluster Board and is responsible for the remuneration and performance monitoring of shared executive team members. The Cluster Board approved the Terms of Reference for the Committee on 22.11.11.

### **3.2.4 Quality & Risk Committee**

The Quality and Risk Committee has been accountable to the Cluster Board for the management of quality and risk performance and improvement. The Committee oversaw the system of internal control with the objective of ensuring coordination and prioritisation of risk management issues and quality and safety monitoring and improvement. The Minutes of the Quality & Risk Committee were noted by the Cluster Board.

In July 12, in order to support the transfer of responsibility to Clinical Commissioning Groups, the Cluster Quality & Risk Committee was replaced by the West Federation of CCGs Quality Committee. The Cluster Board receives minutes of the Committee meetings.

### **3.2.5 Performance Committee**

The Performance Committee has been accountable to the Cluster Board for monitoring financial performance, contract performance and the Quality, Innovation, Productivity and Prevention plan (QIPP). The Cluster Board approved the Terms of Reference for the Committee on 22.11.11. The minutes of the Performance Committee were noted by the Cluster Board.

In October 12, in order to support the transfer of responsibility to Clinical Commissioning Groups, the Cluster Performance Committee was replaced by the West Federation of CCGs QIPP & Performance Committee. The Cluster Board receives minutes of the Committee meetings.

## **3.3 Board Conduct & Effectiveness**

3.3.1 In January 2013, our internal auditors reviewed the effectiveness of our corporate governance arrangements. Their conclusion was that the arrangements put in place were 'low risk'.

3.3.2 The PCT Board and Cluster Board are expected to observe, and operate in accordance with, the NHS Codes of Conduct and Accountability, Nolan Principles in Public Life, Standing Orders & Standing Financial Instructions and relevant PCT

policies. The PCT Board and Cluster Board consider that they have acted in accordance with these codes during 12-13.

- 3.3.3 Members should declare any business interests and positions of authority which may be relevant on appointment and when such interests change. The Register of Interests was formally reported to the Cluster Board in January 12 and March 13. This is available for public view on the PCT website. In addition members are expected to declare any specific interests relating to matters to be discussed at the start of each Board or committee meeting.
- 3.3.4 The PCT Board and Cluster Board's work programme is planned so that key objectives and deliverables are met and statutory responsibilities fulfilled. Attendance at PCT Board and Cluster Board meetings has been good, with all meetings declared quorate.
- 3.3.5 The PCT Board and Cluster Board is satisfied that it has appropriately and legally discharged its statutory functions during 12-13.

### **3.4 Transition & Handover Arrangements**

- 3.4.1 In July 12 the Cluster Board established the Transition Committee to oversee the transition of functions to new receiver organisations and manage the close down of the PCT in March 13. The minutes of the Transition Committee are noted by the Cluster Board. A number of separate work streams have been in place to project manage the transition. These arrangements have been reviewed by our internal auditors and no significant concerns were raised.
- 3.4.2 The Quality Handover document is the primary mechanism for the transfer of key information to receiver organisations. This document includes quality, safety, risk and other matters of corporate intelligence. Handover meetings with receivers and key officers have taken place during February and March 13.
- 3.4.3 Arrangements are in place for the closedown of the 12-13 accounts following the dissolution of the PCT on 31.3.13. This will be managed by identified staff in the Central Southern Commissioning Support Unit and a detailed action plan has been developed to this effect. The PCT has nominated Non-Executive Directors whom, as part of legacy arrangements, will be available to approve the accounts on behalf of the former PCT Board.

## **4. Risk Assessment & Risks Identified during 12-13**

### **4.1 Approach to Risk Management & Assessment**

- 4.1.1 The Risk Management Strategy sets out the organisation's approach to risk. The strategy explains how the organisation:
- Identifies and minimise risks to the PCT of failing to meet its strategic objectives as set out in its strategic plan



- Ensures that risks to commissioning high quality and safe patient services are identified
- Protects patients, staff and third parties from all avoidable risks
- Minimises risk to the PCT's assets within agreed practical and financial limits
- Raises staff awareness of and use of risk management techniques
- Ensures compliance with national standards

4.1.2 Risk management is implemented and embedded throughout the PCT by a variety of methods. Directors and Heads of Departments are responsible for ensuring that:

- risk management is communicated, implemented, monitored and reviewed within their area of responsibility
- all staff are made aware of the risks within their work environment and of their personal responsibility, through appropriate training and support
- staff comply with the risk process - identifying, assessing, implementing appropriate actions, contributing to their directorate risk register, reporting appropriately

4.1.3 All risks, adverse events and near misses, complaints and claims and estates and Health & Safety reviews are identified, graded and analysed using a risk evaluation matrix based on the Australian and New Zealand Risk Model.

4.1.5 The PCT recognises that it is not possible or desirable to eliminate all risks and that systems of control should not be so rigid that they prevent innovation and imaginative use of limited resources. When all reasonable control mechanisms have been put in place some residual risk will inevitably remain in many processes. Different levels of acceptable risk may be applicable from department to department across the organisation and are agreed at an appropriate level as set out in the Risk Strategy. High and Extreme risks are always brought to the attention of the Board.

## 4.2 New & Significant Risks Identified

4.2.1 A summary of the significant risks (defined as extreme) relating to Berkshire West in the Cluster Board Assurance Framework and Corporate Risk Register as at March 13 are shown in the table below:

| Risk   | Actions & Mitigations  |
|--|--|
| <b>There is a risk that the Royal Berkshire NHS Foundation Trust IT system implementation causes a problem with data such that the activity cannot be accurately validated and operational and financial performance is adversely affected</b> | Regular meetings with Trust to ascertain progress with implementation. Robust performance management arrangements in place. The Audit Commission has recently undertaken a PBR data audit which has shown ongoing issues with data quality. This is being actioned with the Trust. |

4.2.2 Arrangements are in place for a handover of any ongoing risks to CCGs at the end of March 13, as part of the quality handover process.

### **4.3 Data Security Incidents**

- 4.3.1 In view of the seriousness in which data loss incidents are viewed since 2009, organisations have been required to declare serious untoward incidents separately in their year-end statements.
- 4.3.2 There have been no serious untoward incidents (graded 3 – 5 on the DH ascending scale of seriousness) relating to data security during 12-13.

## **5. Risk & Control Framework**

### **5.1 Responsibilities**

- 5.1.1 As Accountable Officer I have delegated responsibility to the Director of Nursing & Governance for implementing and monitoring the corporate governance and risk management process, including the management of the Board Assurance Framework and risk registers, ensuring that myself and the Board are advised of all extreme and high risks.
- 5.1.2 All Directors are responsible for ensuring that risk management is communicated, implemented, monitored and reviewed within their services through their senior managers.
- 5.1.3 The Board has over-arching responsibility for reviewing and seeking assurances on the effectiveness of internal controls, including appropriate risk management arrangements.
- 5.1.4 The Quality & Risk Committee (and latterly the West Federation Quality Committee) is a committee of the Board and is responsible for maintaining arrangements for risk management in the PCT and for monitoring these processes on behalf of the Board. The minutes of the Committee are reviewed by the Board and the Audit Committee.
- 5.1.5 The Audit Committee is a committee of the Board. It operates in accordance with the Audit Committee Handbook and is responsible for review of the adequacy of the arrangements put in place for risk management through testing these arrangements, providing 'independent' assurance to the Board that these systems are robust and effective. The Committee receives regular reports from the Counterfraud function on measures being taken to prevent, identify and manage any fraudulent activities within the scope of the PCT's responsibilities. The minutes of the Audit Committee are reviewed by the Board.

### **5.2 Board Assurance Framework**

- 5.2.1 A key output from the PCT's approach to risk management is the Board Assurance Framework. The Board Assurance Framework is driven by the PCT's strategic

objectives and provides the Board with assurance that risks which threaten the achievement of those strategic objectives are being effectively managed.

5.2.2 The Board Assurance Framework is led by the Director of Nursing & Governance. The Board is involved in the identification of the principal risks which threaten the strategic objectives and associated assurances and controls. Risks and actions to address gaps are identified, owned and maintained by a named director.

5.2.3 The Board Assurance Framework is monitored by Executive Directors on a bi-monthly basis. A summary of the extreme and high risks are then reviewed by the Board at least four times per year.

5.2.4 The Audit Committee is responsible for obtaining assurances that the processes to support the Board Assurance Framework are robust and that assurances and controls are in place and effective. The Audit Committee is asked by the Board to scrutinise risks of particular concern in detail.

### **5.3 Directorate Risk Registers & Corporate Risk Register**

5.3.1 Each Director is responsible for maintaining a register of any risks which affect their scope of responsibility. For ease of management, Directorate risk registers also include any relevant Board Assurance risks, to ensure Directors can see at a glance all of the risks within their remit.

5.3.2 Directorate risk registers are fed by front line staff, line managers, adverse event and incident reports, working groups and committees, internal and external assurance reports. These will include any risks which have been identified which relate to data security, either through learning from adverse events or pro-active risk assessment.

5.3.3 Extreme and high risks appearing on Directorate risk registers (which are not part of the Board Assurance Framework) are extracted to form the Corporate Risk Register.

5.3.4 The Corporate Risk Register is reviewed alongside the Board Assurance Framework and reported to the Board at least four times per year, with the Audit Committee responsible for testing the effectiveness of the processes, controls and assurances in place.

## **6. Review of Effectiveness of Risk Management and Internal Control**

6.1 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.

6.2 The Head of Internal Audit provides me with an opinion on the overall arrangements for assurance and on the controls reviewed as part of Internal Audit's work. The Auditors have rated both our risk management processes and

our governance processes as 'low risk' in 12-13. No significant risks were identified in any of the audits carried out during 12-13.

- 6.3 Directors and managers who have responsibility for the development and maintenance of the system of internal control provide me with assurance.
- 6.4 The Board 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.
- 6.5 The Audit Committee agrees the internal and external audit plans for approval by the Board. It receives reports on a regular basis and ensures that actions are taken to remove control weaknesses. It is responsible for testing the processes put in place for the management of all elements of internal control. It operates in accordance with the Audit Committee Handbook which includes regularly reviewing its own effectiveness.
- 6.6 The Performance Committee (and its successor the West Federation QIPP & Performance) and associated performance reports to the Board provide me with assurance that the PCT is meeting its financial objectives.
- 6.7 The Quality & Risk Committee (and its successor the West Federation Quality Committee) and associated quality reports to the Board provide me with assurance that the PCT has a robust approach to risk, quality, safety and performance management.
- 6.8 My review is also informed by reports and minutes of PCT committees, counterfraud assessments, quality monitoring, patient and staff experience reports.
- 6.9 The Head of Internal Audit Opinion is 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 weaknesses in the design and/or inconsistent application of controls, puts the achievement of particular objectives at risk.  
Using the terminology set out in the Department of Health guidance to Heads of Internal Audit, this opinion would equate to 'Significant Assurance' ".

## 7. Significant Issues

- 7.1 There are no significant issues of concern and I conclude from my review that Berkshire West PCT has a robust system of internal control and governance that supports the achievement of its policies, aims and objectives.



**Signed:**

**Name: Matthew Tait, Accountable Officer**

**Date: 6 June 2013**

## **INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICER OF BERKSHIRE WEST PCT**

We have audited the financial statements of Berkshire West PCT for the year ended 31 March 2013 on pages 11 to 46. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England. We have also audited the information in the Remuneration Report that is subject to audit.

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

### **Respective responsibilities of Signing Officer and auditor**

As explained more fully in the Statement of Responsibilities in respect of the accounts set out on page 3, the Signing Officer is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

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



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

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

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

In our opinion:

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

## **Matters on which we are required to report by exception**

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

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

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

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

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

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

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

## Certificate

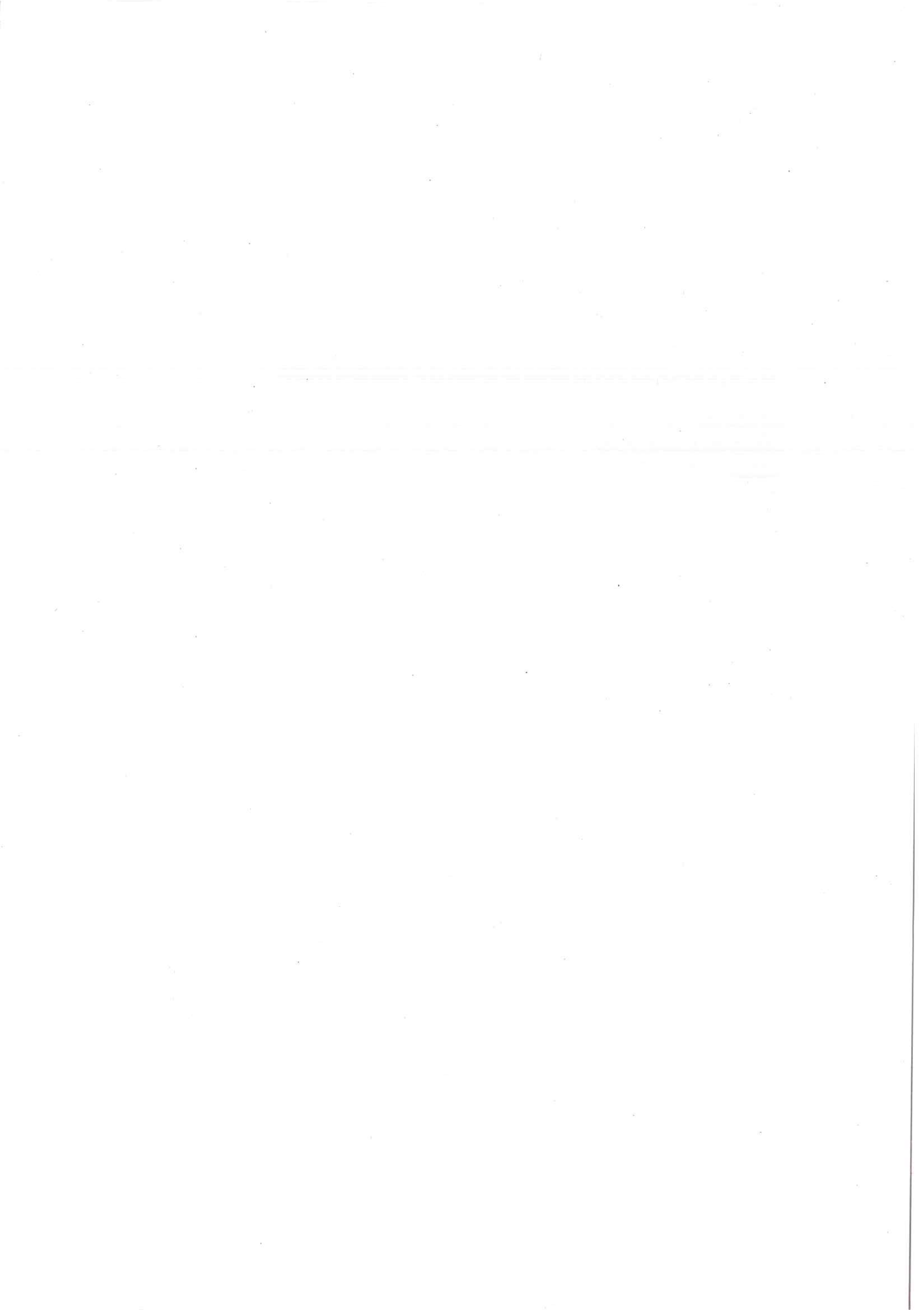
We certify that we have completed the audit of the accounts of Berkshire West PCT in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission.

*Jonathan Brown*

Jonathan Brown for and on behalf of KPMG LLP, Statutory Auditor

KPMG LLP  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

07 June 2013





## **FOREWORD TO THE ACCOUNTS**

Berkshire West PCT

These accounts for the year ended 31 March 2013 have been prepared by the Berkshire West Primary Care Trust under section 98(2) of the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

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

|  | NOTE | 2012-13<br>£000 | 2011-12<br>£000 |
|--|------|-----------------|-----------------|
| <b>Administration Costs and Programme Expenditure</b>                          |      |                 |                 |
| Gross employee benefits  | 7.1  | 14,793          | 12,569          |
| Other costs  | 5.1  | 692,628         | 672,598         |
| Income   | 4    | (26,776)        | (22,335)        |
| <b>Net operating costs before interest</b>                                     |      | <b>680,645</b>  | <b>662,832</b>  |
| Investment income  | 9    | 0               | 0               |
| Other Losses   | 10   | 213             | 0               |
| Finance costs  | 11   | 1,375           | 1,295           |
| <b>Net operating costs for the financial year</b>                              |      | <b>682,233</b>  | <b>664,127</b>  |
| <b>Of which:</b>   |      |                 |                 |
| <b>Administration Costs</b>  |      |                 |                 |
| Gross employee benefits  | 7.1  | 13,536          | 12,569          |
| Other costs  | 5.1  | 10,310          | 16,277          |
| Income   | 4    | (9,263)         | (12,235)        |
| <b>Net administration costs before interest</b>                                |      | <b>14,583</b>   | <b>16,611</b>   |
| Investment income  | 9    | 0               | 0               |
| Other (Gains)/Losses   | 10   | 0               | 0               |
| Finance costs  | 11   | 0               | 1,295           |
| <b>Net administration costs for the financial year</b>                         |      | <b>14,583</b>   | <b>17,906</b>   |
| <b>Programme Expenditure</b>   |      |                 |                 |
| Gross employee benefits  | 7.1  | 1,257           | 0               |
| Other costs  | 5.1  | 682,318         | 656,321         |
| Income   | 4    | (17,513)        | (10,100)        |
| <b>Net programme expenditure before interest</b>                               |      | <b>666,062</b>  | <b>646,221</b>  |
| Investment income  | 9    | 0               | 0               |
| Other Losses   | 10   | 213             | 0               |
| Finance costs  | 11   | 1,375           | 0               |
| <b>Net programme expenditure for the financial year</b>                        |      | <b>667,650</b>  | <b>646,221</b>  |
| <b>Other Comprehensive Net Expenditure</b>                                     |      |                 |                 |
|  |      | 2012-13<br>£000 | 2011-12<br>£000 |
| Impairments and reversals put to the Revaluation Reserve                       |      | 450             | 239             |
| Net (gain) on revaluation of property, plant & equipment                       |      | (938)           | (1,326)         |
| Net (gain) on revaluation of intangibles                                       |      | 0               | 0               |
| Net (gain) on revaluation of financial assets                                  |      | 0               | 0               |
| Net (gain)/loss on other reserves  |      | 0               | 0               |
| Net (gain)/loss on available for sale financial assets                         |      | 0               | 0               |
| Net (gain) /loss on Assets Held for Sale                                       |      | 0               |                 |
| Release of Reserves to Statement of Comprehensive Net Expenditure              |      | 0               |                 |
| Net actuarial (gain)/loss on pension schemes                                   |      | 0               | 0               |
| <b>Reclassification Adjustments</b>  |      |                 |                 |
| Reclassification adjustment on disposal of available for sale financial assets |      | 0               | 0               |
| <b>Total comprehensive net expenditure for the year*</b>                       |      | <b>681,745</b>  | <b>663,040</b>  |

**Statement of Financial Position at  
31 March 2013**

|  |       | 31 March 2013   | 31 March 2012   |
|--|-------|-----------------|-----------------|
|  | NOTE  | £000            | £000            |
| <b>Non-current assets:</b>   |       |                 |                 |
| Property, plant and equipment                                      | 12    | 50,790          | 52,224          |
| Intangible assets  | 13    | 66              | 103             |
| investment property  | 15    | 0               | 0               |
| Other financial assets   | 21    | 0               | 0               |
| Trade and other receivables  | 19    | 0               | 0               |
| <b>Total non-current assets</b>                                    |       | <b>50,856</b>   | <b>52,327</b>   |
| <b>Current assets:</b>   |       |                 |                 |
| Inventories  | 18    | 0               | 0               |
| Trade and other receivables  | 19    | 4,709           | 9,122           |
| Other financial assets   | 36    | 0               | 0               |
| Other current assets   | 22    | 0               | 0               |
| Cash and cash equivalents  | 23    | 15              | 0               |
| <b>Total current assets</b>  |       | <b>4,724</b>    | <b>9,122</b>    |
| Non-current assets held for sale                                   | 24    | 0               | 0               |
| <b>Total current assets</b>  |       | <b>4,724</b>    | <b>9,122</b>    |
| <b>Total assets</b>  |       | <b>55,580</b>   | <b>61,449</b>   |
| <b>Current liabilities</b>   |       |                 |                 |
| Trade and other payables   | 25    | (36,479)        | (46,762)        |
| Other liabilities  | 26,28 | 0               | 0               |
| Provisions   | 32    | (5,602)         | (4,495)         |
| Borrowings   | 27    | (398)           | (356)           |
| Other financial liabilities  | 36.2  | 0               | 0               |
| <b>Total current liabilities</b>                                   |       | <b>(42,479)</b> | <b>(51,613)</b> |
| <b>Non-current assets plus/less net current assets/liabilities</b> |       | <b>13,101</b>   | <b>9,836</b>    |
| <b>Non-current liabilities</b>                                     |       |                 |                 |
| Trade and other payables   | 25    | 0               | 0               |
| Other Liabilities  | 28    | 0               | 0               |
| Provisions   | 32    | (8,534)         | 0               |
| Borrowings   | 27    | (14,235)        | (14,691)        |
| Other financial liabilities  | 36.2  | 0               | 0               |
| <b>Total non-current liabilities</b>                               |       | <b>(22,769)</b> | <b>(14,691)</b> |
| <b>Total Assets Employed:</b>                                      |       | <b>(9,668)</b>  | <b>(4,855)</b>  |
| <b>Financed by taxpayers' equity:</b>                              |       |                 |                 |
| General fund   |       | (22,747)        | (17,446)        |
| Revaluation reserve  |       | 13,079          | 12,591          |
| Other reserves   |       | 0               | 0               |
| <b>Total taxpayers' equity:</b>                                    |       | <b>(9,668)</b>  | <b>(4,855)</b>  |

The notes on pages 15 to 48 form part of this account.

The financial statements on pages 11 to 48 were approved by the Board on 6th June and signed on its behalf by

**Accountable Officer:**

Date:

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

|  | General<br>fund  | Revaluation<br>reserve | Other<br>reserves | Total<br>reserves |
|--|------------------|------------------------|-------------------|-------------------|
|  | £000             | £000                   | £000              | £000              |
| <b>Balance at 1 April 2012</b>   | <b>(17,446)</b>  | <b>12,591</b>          | <b>0</b>          | <b>(4,855)</b>    |
| <b>Changes in taxpayers' equity for 2012-13</b>  |                  |                        |                   |                   |
| Net operating cost for the year  | (682,233)        | 0                      | 0                 | <b>(682,233)</b>  |
| Net gain on revaluation of property, plant, equipment  | 0                | 938                    | 0                 | <b>938</b>        |
| Net gain on revaluation of intangible assets   | 0                | 0                      | 0                 | <b>0</b>          |
| Net gain on revaluation of financial assets  | 0                | 0                      | 0                 | <b>0</b>          |
| Net gain on revaluation of assets held for sale  | 0                | 0                      | 0                 | <b>0</b>          |
| Impairments and reversals  | 0                | (450)                  | 0                 | <b>(450)</b>      |
| Movements in other reserves  | 0                | 0                      | 0                 | <b>0</b>          |
| Transfers between reserves   | 0                | 0                      | 0                 | <b>0</b>          |
| Release of Reserves to SOCNE   | 0                | 0                      | 0                 | <b>0</b>          |
| <b>Reclassification Adjustments</b>  |                  |                        |                   |                   |
| Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption | 0                | 0                      | 0                 | <b>0</b>          |
| Net actuarial gain/(loss) on pensions  | 0                | 0                      | 0                 | <b>0</b>          |
| <b>Total recognised income and expense for 2012-13</b>   | <b>(682,233)</b> | <b>488</b>             | <b>0</b>          | <b>(681,745)</b>  |
| Net Parliamentary funding  | 676,932          |                        |                   | <b>676,932</b>    |
| <b>Balance at 31 March 2013</b>  | <b>(22,747)</b>  | <b>13,079</b>          | <b>0</b>          | <b>(9,668)</b>    |
| <br>   |                  |                        |                   |                   |
| <b>Balance at 1 April 2011</b>   | <b>(9,397)</b>   | <b>11,474</b>          | <b>0</b>          | <b>2,077</b>      |
| <b>Changes in taxpayers' equity for 2011-12</b>  |                  |                        |                   |                   |
| Net operating cost for the year  | (664,127)        | 0                      | 0                 | <b>(664,127)</b>  |
| Net Gain on Revaluation of Property, Plant and Equipment   | 0                | 1,326                  | 0                 | <b>1,326</b>      |
| Net Gain / (loss) on Revaluation of Intangible Assets  | 0                | 0                      | 0                 | <b>0</b>          |
| Net Gain / (loss) on Revaluation of Financial Assets   | 0                | 0                      | 0                 | <b>0</b>          |
| Net Gain / (loss) on Assets Held for Sale  | 0                | 0                      | 0                 | <b>0</b>          |
| Impairments and Reversals  | 0                | (239)                  | 0                 | <b>(239)</b>      |
| Movements in other reserves  | 0                | 0                      | 0                 | <b>0</b>          |
| Transfers between reserves   | (30)             | 30                     | 0                 | <b>0</b>          |
| Release of Reserves to Statement of Comprehensive Net Expenditure                                      | 0                | 0                      | 0                 | <b>0</b>          |
| <b>Reclassification Adjustments</b>  |                  |                        |                   |                   |
| Transfers to/(from) Other Bodies within the Resource Account Boundary                                  | 0                | 0                      | 0                 | <b>0</b>          |
| On disposal of available for sale financial assets   | 0                | 0                      | 0                 | <b>0</b>          |
| Net actuarial gain/(loss) on pensions  | 0                | 0                      | 0                 | <b>0</b>          |
| <b>Total recognised income and expense for 2011-12</b>   | <b>(664,157)</b> | <b>1,117</b>           | <b>0</b>          | <b>(663,040)</b>  |
| Net Parliamentary funding  | 656,108          |                        |                   | <b>656,108</b>    |
| <b>Balance at 31 March 2012</b>  | <b>(17,446)</b>  | <b>12,591</b>          | <b>0</b>          | <b>(4,855)</b>    |

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

|   | 2012-13<br>£000  | 2011-12<br>£000  |
|---|------------------|------------------|
| <b>Cash Flows from Operating Activities</b>                                       |                  |                  |
| Net Operating Cost Before Interest  | (680,645)        | (662,832)        |
| Depreciation and Amortisation   | 2,331            | 2,409            |
| Impairments and Reversals   | 0                | (15)             |
| Other Gains / (Losses) on foreign exchange  | 0                | 0                |
| Donated Assets received credited to revenue but non-cash                          | 0                | 0                |
| Government Granted Assets received credited to revenue but non-cash               | 0                | 0                |
| Interest Paid   | (1,375)          | (1,295)          |
| Release of PFI/deferred credit  | 0                | 0                |
| (Increase)/Decrease in Inventories  | 0                | 0                |
| (Increase)/Decrease in Trade and Other Receivables                                | 4,365            | (1,252)          |
| (Increase)/Decrease in Other Current Assets                                       | 0                | 0                |
| Increase/(Decrease) in Trade and Other Payables                                   | (9,913)          | 4,336            |
| (Increase)/Decrease in Other Current Liabilities                                  | 0                | 0                |
| Provisions Utilised   | (80)             | 0                |
| Increase in Provisions  | 9,721            | 4,281            |
| <b>Net Cash Inflow/(Outflow) from Operating Activities</b>                        | <b>(675,596)</b> | <b>(654,368)</b> |
| <b>Cash flows from investing activities</b>                                       |                  |                  |
| Interest Received   | 0                | 0                |
| (Payments) for Property, Plant and Equipment                                      | (936)            | (1,313)          |
| (Payments) for Intangible Assets  | (19)             | (37)             |
| (Payments) for Other Financial Assets   | 0                | 0                |
| (Payments) for Financial Assets (LIFT)  | 0                | 0                |
| Proceeds of disposal of assets held for sale (PPE)                                | 0                | 0                |
| Proceeds of disposal of assets held for sale (Intangible)                         | 0                | 0                |
| Proceeds from Disposal of Other Financial Assets                                  | 0                | 0                |
| Proceeds from the disposal of Financial Assets (LIFT)                             | 0                | 0                |
| Loans Made in Respect of LIFT   | 0                | 0                |
| Loans Repaid in Respect of LIFT   | 0                | 0                |
| Rental Revenue  | 0                | 0                |
| <b>Net Cash Inflow/(Outflow) from Investing Activities</b>                        | <b>(955)</b>     | <b>(1,350)</b>   |
| <b>Net cash inflow/(outflow) before financing</b>                                 | <b>(676,551)</b> | <b>(655,718)</b> |
| <b>Cash flows from financing activities</b>                                       |                  |                  |
| Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT | (405)            | (351)            |
| Net Parliamentary Funding   | 676,932          | 656,108          |
| Capital Receipts Surrendered  | 0                | 0                |
| Capital grants and other capital receipts   | 48               | (48)             |
| Cash Transferred (to)/from Other NHS Bodies (free text note required)             | 0                | 0                |
| <b>Net Cash Inflow/(Outflow) from Financing Activities</b>                        | <b>676,575</b>   | <b>655,709</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       | <b>24</b>        | <b>(9)</b>       |
| <b>Cash and Cash Equivalents ( and Bank Overdraft) at Beginning of the Period</b> | <b>(9)</b>       | <b>0</b>         |
| Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies | 0                | 0                |
| <b>Cash and Cash Equivalents (and Bank Overdraft) at year end</b>                 | <b>15</b>        | <b>(9)</b>       |

## 1. Accounting policies

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

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

### 1.1 Accounting Conventions

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

#### Acquisitions and Discontinued Operations

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

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

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

#### Key sources of estimation uncertainty

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

As at the date of the Statement of Financial Position final information on secondary healthcare activity dental and prescribing data was not available. Accruals were made for these on the basis of year to date information that was available, trends in the data and joint forecasting with provider trusts.

#### Continuing Healthcare Provisions

Note 32 sets out the detail of provisions made to cover potential costs for continuing healthcare (CHC) claims arising following the Department of Health's national deadlines of September 2012 and March 2013. These have been calculated based on actual costings where known or average costings agreed with South Central Health Authority (SCHA). The total cost of all claims was calculated and a set percentage of viable claims estimated at 15% of the total costs as per advice from the SCHA. A provision for inflation and County Court judgment rate of interest was also included to provide a prudent estimate for the probable cost of the claims.

For the retrospective non-national deadline CHC claims, provisions were calculated based on an individual basis for each client appealing against a PCT CHC Panel decision i.e. Date of claim and the known average cost per week at the relevant nursing home (or estimated weekly cost for homecare)

## **1. Accounting policies (continued)**

### **1.2 Revenue and Funding**

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

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

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

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

### **1.3 Care Trust Designation**

Berkshire West PCT is not a Care Trust

### **1.4 Pooled budgets**

The PCT has entered into a pooled budget with Slough Borough Council. Under the arrangement funds are pooled under S31 of the Health Act 1999 for the provision of community equipment and a memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Slough Borough 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.

### **1.5 Taxation**

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

### **1.6 Administration and Programme Costs**

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

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

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

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

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

Revenue and expenditure will be exclusively programme where it relates to the direct delivery of healthcare programmes. For example, all primary and secondary healthcare will be programme. All other revenue and expenditure will be exclusively admin where it does not relate to the direct delivery of healthcare programmes.

## 1. Accounting policies (continued)

### 1.7 Property, Plant & Equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

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

#### Valuation

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

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

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

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

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

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

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

#### Subsequent expenditure

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



## 1. Accounting policies (continued)

### 1.8 Intangible Assets

#### Recognition

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

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

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

#### Measurement

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

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

### 1.9 Depreciation, amortisation and impairments

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

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

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

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

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

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

## **1. Accounting policies (continued)**

### **1.10 Donated assets**

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

### **1.11 Government grants**

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

### **1.12 Non-current assets held for sale**

No non-current assets were held for sale.

### **1.13 Inventories**

There were no inventories held.

### **1.14 Cash and cash equivalents**

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

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

### **1.15 Losses and Special Payments**

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

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

### **1.16 Clinical Negligence Costs**

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

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

## **1. Accounting policies (continued)**

### **1.17 Employee benefits**

#### **Short-term employee benefits**

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for bonuses earned but not yet taken.

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.

### **1.18 Research and Development**

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

### **1.19 Other expenses**

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

### **1.20 Grant making**

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

### **1.21 EU Emissions Trading Scheme**

This was not applicable to the PCT

## 1. Accounting policies (continued)

### 1.22 Contingencies

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

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

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

### 1.23 Leases

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

#### The PCT as lessee

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

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

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

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

#### The PCT as lessor

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

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

### 1.24 Foreign exchange

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

### 1.25 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate of 2.2% (2.8% in respect of early staff departures) in real terms.

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

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

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

## 1. Accounting policies (continued)

### 1.26 Financial Instruments

#### Financial assets

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

Financial assets are initially recognised at fair value.

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

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

This was not applicable to the PCT

#### Held to maturity investments

This was not applicable to the PCT

#### Available for sale financial assets

This was not applicable to the PCT

#### 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.

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.

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

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

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

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

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

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

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

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

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

## 1. Accounting policies (continued)

West Berkshire Hospital is held under a PFI scheme by the PCT. Services at the hospital are provided by The Royal Berkshire Foundation Trust and Berkshire Healthcare Foundation Trust therefore part of the service costs are recharged to these providers

### 1.28 Accounting Standards that have been issued but have not yet been adopted

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

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

### 1.29 PCT Closure at 31 March 2013

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013*, Berkshire West PCT was dissolved on 1<sup>st</sup> April 2013. The PCT's functions, assets and liabilities transferred to other public sector entities as outlined in Note 40.1 Events after the Reporting Period. Where reconfigurations of this nature take place within the public sector, Government accounting requires that the activities concerned are to be considered as continuing operations, and so the closing entity prepares accounts on a "going concern" basis.

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

## 2 Operating segments

The PCT operates as one segment which commissions healthcare.

## 3. Financial Performance Targets

### 3.1 Revenue Resource Limit

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

|  | 2012-13<br>£000 | 2011-12<br>£000 |
|--|-----------------|-----------------|
| Total Net Operating Cost for the Financial Year                |                 |                 |
| Net operating cost plus (gain)/loss on transfers by absorption | 682,233         | 664,127         |
| Adjusted for prior period adjustments in respect of errors     | 0               | 0               |
| Revenue Resource Limit   | <u>693,703</u>  | <u>667,707</u>  |
| <b>Underspend Against Revenue Resource Limit (RRL)</b>         | <u>11,470</u>   | <u>3,580</u>    |

### 3.2 Capital Resource Limit

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

|                                  | 2012-13<br>£000 | 2011-12<br>£000 |
|----------------------------------|-----------------|-----------------|
| Capital Resource Limit           | 1,155           | 2,030           |
| Charge to Capital Resource Limit | <u>372</u>      | <u>744</u>      |
| <b>Underspend Against CRL</b>    | <u>783</u>      | <u>1,286</u>    |

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

|                                      | 2012-13<br>£000 | 2011-12<br>£000 |
|--------------------------------------|-----------------|-----------------|
| Total Charge to Cash Limit           | 676,932         | 656,108         |
| Cash Limit                           | <u>690,332</u>  | <u>660,526</u>  |
| <b>Underspend Against Cash Limit</b> | <u>13,400</u>   | <u>4,418</u>    |

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

|  | 2012-13<br>£000 |
|--|-----------------|
| Total cash received from DH (Gross)  | 599,873         |
| Less: Trade Income from DH   | 0               |
| Less/(Plus): movement in DH working balances   | <u>0</u>        |
| <b>Sub total: net advances</b>   | <u>599,873</u>  |
| (Less)/plus: transfers (to)/from other resource account bodies (free text note required) | 0               |
| Plus: cost of Dentistry Schemes (central charge to cash limits)                          | 15,782          |
| Plus: drugs reimbursement (central charge to cash limits)                                | <u>61,277</u>   |
| <b>Parliamentary funding credited to General Fund</b>                                    | <u>676,932</u>  |



**4 Miscellaneous Revenue**

|  | <b>2012-13<br/>Total<br/>£000</b> | <b>2012-13<br/>Admin<br/>£000</b> | <b>2012-13<br/>Programme<br/>£000</b> | <b>2011-12<br/>£000</b> |
|--|-----------------------------------|-----------------------------------|---------------------------------------|-------------------------|
| Fees and Charges                                   | 0                                 | 0                                 | 0                                     | 0                       |
| Dental Charge income from Contractor-Led GDS & PDS | 4,976                             | 0                                 | 4,976                                 | 4,626                   |
| Dental Charge income from Trust-Led GDS & PDS      | 0                                 | 0                                 | 0                                     | 0                       |
| Prescription Charge income                         | 3,022                             | 0                                 | 3,022                                 | 3,042                   |
| Strategic Health Authorities                       | 586                               | 0                                 | 586                                   | 393                     |
| NHS Trusts   | 0                                 | 0                                 | 0                                     | 26                      |
| NHS Foundation Trusts                              | 3,267                             | 2,962                             | 305                                   | 1,565                   |
| Primary Care Trusts Contributions to DATs          | 0                                 | 0                                 | 0                                     | 0                       |
| Primary Care Trusts - Other                        | 7,038                             | 6,109                             | 929                                   | 5,498                   |
| Primary Care Trusts - Lead Commissioning           | 0                                 | 0                                 | 0                                     | 0                       |
| English RAB Special Health Authorities             | 0                                 | 0                                 | 0                                     | 0                       |
| NDPBs and Others (CGA)                             | 0                                 | 0                                 | 0                                     | 0                       |
| Department of Health - SMPTB                       | 0                                 | 0                                 | 0                                     | 0                       |
| Department of Health - Other                       | 0                                 | 0                                 | 0                                     | 0                       |
| Recoveries in respect of employee benefits         | 0                                 | 0                                 | 0                                     | 0                       |
| Local Authorities                                  | 603                               | 55                                | 548                                   | 751                     |
| Patient Transport Services                         | 0                                 | 0                                 | 0                                     | 100                     |
| Education, Training and Research                   | 0                                 | 0                                 | 0                                     | 0                       |
| Non-NHS: Private Patients                          | 0                                 | 0                                 | 0                                     | 0                       |
| Non-NHS: Overseas Patients (Non-Reciprocal)        | 0                                 | 0                                 | 0                                     | 0                       |
| NHS Injury Costs Recovery                          | 0                                 | 0                                 | 0                                     | 0                       |
| Other Non-NHS Patient Care Services                | 0                                 | 0                                 | 0                                     | 0                       |
| Charitable and Other Contributions to Expenditure  | 0                                 | 0                                 | 0                                     | 0                       |
| Receipt of donated assets                          | 0                                 | 0                                 | 0                                     | 0                       |
| Receipt of Government granted assets               | 0                                 | 0                                 | 0                                     | 0                       |
| Rental revenue from finance leases                 | 0                                 | 0                                 | 0                                     | 0                       |
| Rental revenue from operating leases               | 4,186                             | 137                               | 4,049                                 | 3,171                   |
| Other revenue                                      | 3,098                             | 0                                 | 3,098                                 | 3,163                   |
| <b>Total miscellaneous revenue</b>                 | <b>26,776</b>                     | <b>9,263</b>                      | <b>17,513</b>                         | <b>22,335</b>           |

**5. Operating Costs****5.1 Analysis of operating costs:**

|  | 2012-13<br>Total<br>£000 | 2012-13<br>Admin<br>£000 | 2012-13<br>Programme<br>£000 | 2011-12<br>Total<br>£000 |
|--|--------------------------|--------------------------|------------------------------|--------------------------|
| <b>Goods and Services from Other PCTs</b>  |                          |                          |                              |                          |
| Healthcare   | 54,473                   | 0                        | 54,473                       | 49,886                   |
| Non-Healthcare   | 397                      | 397                      | 0                            | 1,030                    |
| <b>Total</b>   | <b>54,870</b>            | <b>397</b>               | <b>54,473</b>                | <b>50,916</b>            |
| <b>Goods and Services from Other NHS Bodies other than FTs</b>                     |                          |                          |                              |                          |
| Goods and services from NHS Trusts   | 14,308                   | 0                        | 14,308                       | 28,081                   |
| Goods and services (other, excl Trusts, FT and PCT))                               | 0                        | 0                        | 0                            | 0                        |
| <b>Total</b>   | <b>14,308</b>            | <b>0</b>                 | <b>14,308</b>                | <b>28,081</b>            |
| Goods and Services from Foundation Trusts  | 396,528                  | 2,305                    | 394,223                      | 368,988                  |
| Purchase of Healthcare from Non-NHS bodies   | 54,940                   | 0                        | 54,940                       | 40,674                   |
| Social Care from Independent Providers   | 0                        | 0                        | 0                            | 0                        |
| Expenditure on Drugs Action Teams  | 4,042                    | 0                        | 4,042                        | 4,480                    |
| Non-GMS Services from GPs  | 1,535                    | 0                        | 1,535                        | 4,654                    |
| Contractor Led GDS & PDS (excluding employee benefits)                             | 20,997                   | 0                        | 20,997                       | 19,780                   |
| Salaried Trust-Led PDS & PCT DS (excluding employee benefits)                      | 0                        | 0                        | 0                            | 0                        |
| Chair, Non-executive Directors & PEC remuneration                                  | 48                       | 48                       | 0                            | 87                       |
| Executive committee members costs  | 0                        | 0                        | 0                            | 2                        |
| Consultancy Services   | 712                      | 670                      | 42                           | 922                      |
| Prescribing Costs  | 56,454                   | 0                        | 56,454                       | 61,105                   |
| G/PMS, APMS and PCTMS (excluding employee benefits)                                | 57,982                   | 0                        | 57,982                       | 57,166                   |
| Pharmaceutical Services  | 2,081                    | 0                        | 2,081                        | 1,529                    |
| Local Pharmaceutical Services Pilots   | 0                        | 0                        | 0                            | 0                        |
| New Pharmacy Contract  | 12,909                   | 0                        | 12,909                       | 14,317                   |
| General Ophthalmic Services  | 2,918                    | 0                        | 2,918                        | 3,330                    |
| Supplies and Services - Clinical   | 1,440                    | 1,363                    | 77                           | 1,042                    |
| Supplies and Services - General  | 363                      | 340                      | 23                           | 31                       |
| Establishment  | 1,295                    | 1,284                    | 11                           | 1,032                    |
| Transport  | 17                       | 15                       | 2                            | 3                        |
| Premises   | 3,043                    | 916                      | 2,127                        | 3,913                    |
| Impairments & Reversals of Property, plant and equipment                           | 0                        | 0                        | 0                            | (15)                     |
| Impairments and Reversals of non-current assets held for sale                      | 0                        | 0                        | 0                            | 0                        |
| Depreciation   | 2,304                    | 2,304                    | 0                            | 2,378                    |
| Amortisation   | 27                       | 27                       | 0                            | 31                       |
| Impairment & Reversals Intangible non-current assets                               | 0                        | 0                        | 0                            | 0                        |
| Impairment and Reversals of Financial Assets                                       | 0                        | 0                        | 0                            | 0                        |
| Impairment of Receivables  | (166)                    | 0                        | (166)                        | 184                      |
| Inventory write offs   | 0                        | 0                        | 0                            | 0                        |
| Research and Development Expenditure   | 0                        | 0                        | 0                            | 0                        |
| Audit Fees   | 120                      | 120                      | 0                            | 208                      |
| Other Auditors Remuneration  | 0                        | 0                        | 0                            | 60                       |
| Clinical Negligence Costs  | 0                        | 0                        | 0                            | 30                       |
| Education and Training   | 207                      | 182                      | 25                           | 383                      |
| Grants for capital purposes  | 282                      | 0                        | 282                          | 0                        |
| Grants for revenue purposes  | 0                        | 0                        | 0                            | 0                        |
| Impairments and reversals for investment properties                                | 0                        | 0                        | 0                            | 0                        |
| Other  | 3,372                    | 339                      | 3,033                        | 7,287                    |
| <b>Total Operating costs charged to Statement of Comprehensive Net Expenditure</b> | <b>692,628</b>           | <b>10,310</b>            | <b>682,318</b>               | <b>672,598</b>           |
| <b>Employee Benefits (excluding capitalised costs)</b>                             |                          |                          |                              |                          |
| Employee Benefits associated with PCTMS  | 0                        | 0                        | 0                            | 0                        |
| Trust led PDS and PCT DS   | 0                        | 0                        | 0                            | 0                        |
| PCT Officer Board Members  | 1,182                    | 1,073                    | 109                          | 1,099                    |
| Other Employee Benefits  | 13,611                   | 12,463                   | 1,148                        | 11,470                   |
| <b>Total Employee Benefits charged to SOCNE</b>                                    | <b>14,793</b>            | <b>13,536</b>            | <b>1,257</b>                 | <b>12,569</b>            |
| <b>Total Operating Costs</b>   | <b>707,421</b>           | <b>23,846</b>            | <b>683,575</b>               | <b>685,167</b>           |

**Analysis of grants reported in total operating costs**

|  |            |          |            |          |
|--|------------|----------|------------|----------|
| <b>For capital purposes</b>                          |            |          |            |          |
| Grants to fund Capital Projects - GMS                | 0          | 0        | 0          | 0        |
| Grants to Local Authorities to Fund Capital Projects | 0          | 0        | 0          | 0        |
| Grants to Private Sector to Fund Capital Projects    | 0          | 0        | 0          | 0        |
| Grants to Fund Capital Projects - Dental             | 0          | 0        | 0          | 0        |
| Grants to Fund Capital Projects - Other              | 282        | 0        | 282        | 0        |
| <b>Total Capital Grants</b>                          | <b>282</b> | <b>0</b> | <b>282</b> | <b>0</b> |
| <b>Grants to fund revenue expenditure</b>            |            |          |            |          |
| To Local Authorities                                 | 0          | 0        | 0          | 0        |
| To Private Sector                                    | 0          | 0        | 0          | 0        |
| To Other   | 0          | 0        | 0          | 0        |
| <b>Total Revenue Grants</b>                          | <b>0</b>   | <b>0</b> | <b>0</b>   | <b>0</b> |
| <b>Total Grants</b>                                  | <b>282</b> | <b>0</b> | <b>282</b> | <b>0</b> |

|   | Total   | Commissioning Public Health Services |         |
|---|---------|--------------------------------------|---------|
| <b>PCT Running Costs 2012-13</b>                  |         |                                      |         |
| Running costs (£000s)                             | 14,583  | 11,970                               | 2,613   |
| Weighted population (number in units)*            | 392,859 | 392,859                              | 392,859 |
| Running costs per head of population (£ per head) | 37      | 30                                   | 7       |
| <b>PCT Running Costs 2011-12</b>                  |         |                                      |         |
| Running costs (£000s)                             | 17,891  | 16,135                               | 1,756   |
| Weighted population (number in units)             | 392,859 | 392,859                              | 392,859 |
| Running costs per head of population (£ per head) | 46      | 41                                   | 4       |

\* 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

| <b>5.2 Analysis of operating expenditure by expenditure classification</b> | <b>2012-13</b> | <b>2011-12</b> |
|--|----------------|----------------|
|  | <b>£000</b>    | <b>£000</b>    |
| <b>Purchase of Primary Health Care</b>                                     |                |                |
| GMS / PMS/ APMS / PCTMS  | 57,982         | 57,166         |
| Prescribing costs  | 56,454         | 61,105         |
| Contractor led GDS & PDS   | 20,997         | 19,780         |
| Trust led GDS & PDS  | 0              | 0              |
| General Ophthalmic Services  | 2,918          | 3,330          |
| Department of Health Initiative Funding                                    | 0              | 0              |
| Pharmaceutical services  | 2,081          | 1,529          |
| Local Pharmaceutical Services Pilots                                       | 0              | 0              |
| New Pharmacy Contract  | 12,909         | 14,317         |
| Non-GMS Services from GPs  | 1,535          | 4,654          |
| Other  | 0              | 0              |
| <b>Total Primary Healthcare purchased</b>                                  | <b>154,876</b> | <b>161,881</b> |
| <b>Purchase of Secondary Healthcare</b>                                    |                |                |
| Learning Difficulties  | 16,647         | 10,795         |
| Mental Illness   | 67,214         | 57,474         |
| Maternity  | 27,933         | 24,529         |
| General and Acute  | 315,431        | 309,433        |
| Accident and emergency   | 24,253         | 20,529         |
| Community Health Services  | 48,997         | 47,964         |
| Other Contractual  | 17,469         | 16,854         |
| <b>Total Secondary Healthcare Purchased</b>                                | <b>517,944</b> | <b>487,578</b> |
| <b>Grant Funding</b>   |                |                |
| Grants for capital purposes  | 282            | 0              |
| Grants for revenue purposes  | 0              | 0              |
| <b>Total Healthcare Purchased by PCT</b>                                   | <b>673,102</b> | <b>649,459</b> |
| PCT self-provided secondary healthcare included above                      | 0              | 0              |
| Social Care from Independent Providers                                     | 0              | 0              |
| Healthcare from NHS FTs included above                                     | 394,223        | 331,458        |

## 6. Operating Leases

| <b>6.1 PCT as lessee</b>                               | <b>Land<br/>£000</b> | <b>Buildings<br/>£000</b> | <b>Other<br/>£000</b> | <b>2012-13<br/>Total<br/>£000</b> | <b>2011-12<br/>£000</b> |
|--|----------------------|---------------------------|-----------------------|-----------------------------------|-------------------------|
| <b>Payments recognised as an expense</b>               |                      |                           |                       |                                   |                         |
| Minimum lease payments                                 |                      |                           |                       | 17                                | 16                      |
| Contingent rents                                       |                      |                           |                       | 0                                 | 0                       |
| Sub-lease payments                                     |                      |                           |                       | 0                                 | 0                       |
| <b>Total</b>   |                      |                           |                       | <b>17</b>                         | <b>16</b>               |
| <b>Payable:</b>  |                      |                           |                       |                                   |                         |
| No later than one year                                 | 0                    | 0                         | 0                     | 0                                 | 2                       |
| Between one and five years                             | 0                    | 0                         | 0                     | 0                                 | 3                       |
| After five years                                       | 0                    | 0                         | 0                     | 0                                 | 0                       |
| <b>Total</b>   | <b>0</b>             | <b>0</b>                  | <b>0</b>              | <b>0</b>                          | <b>5</b>                |
| Total future sublease payments expected to be received |                      |                           |                       | 0                                 | 0                       |

## 6.2 PCT as lessor

| <b>Recognised as income</b> | <b>2012-13<br/>£000</b> | <b>2011-12<br/>£000</b> |
|-----------------------------|-------------------------|-------------------------|
| Rental Revenue              | 4,186                   | 3,171                   |
| Contingent rents            | 0                       | 0                       |
| <b>Total</b>                | <b>4,186</b>            | <b>3,171</b>            |
| <b>Receivable:</b>          |                         |                         |
| No later than one year      | 0                       | 0                       |
| Between one and five years  | 0                       | 0                       |
| After five years            | 0                       | 0                       |
| <b>Total</b>                | <b>0</b>                | <b>0</b>                |

## 7. Employee benefits and staff numbers

## 7.1 Employee benefits

|  | 2012-13       |               |                   | Permanently employed |               |                   | Other         |               |                   |
|--|---------------|---------------|-------------------|----------------------|---------------|-------------------|---------------|---------------|-------------------|
|  | Total<br>£000 | Admin<br>£000 | Programme<br>£000 | Total<br>£000        | Admin<br>£000 | Programme<br>£000 | Total<br>£000 | Admin<br>£000 | Programme<br>£000 |
| <b>Employee Benefits - Gross Expenditure</b>                     |               |               |                   |                      |               |                   |               |               |                   |
| Salaries and wages   | 12,665        | 11,617        | 1,048             | 8,892                | 7,915         | 977               | 3,773         | 3,702         | 71                |
| Social security costs  | 731           | 651           | 80                | 731                  | 651           | 80                | 0             | 0             | 0                 |
| Employer Contributions to NHS BSA - Pensions Division            | 1,055         | 939           | 116               | 1,055                | 939           | 116               | 0             | 0             | 0                 |
| Other pension costs  | 0             | 0             | 0                 | 0                    | 0             | 0                 | 0             | 0             | 0                 |
| Other post-employment benefits                                   | 0             | 0             | 0                 | 0                    | 0             | 0                 | 0             | 0             | 0                 |
| Other employment benefits  | 0             | 0             | 0                 | 0                    | 0             | 0                 | 0             | 0             | 0                 |
| Termination benefits   | 342           | 329           | 13                | 342                  | 329           | 13                | 0             | 0             | 0                 |
| <b>Total employee benefits</b>                                   | <b>14,793</b> | <b>13,536</b> | <b>1,257</b>      | <b>11,020</b>        | <b>9,834</b>  | <b>1,186</b>      | <b>3,773</b>  | <b>3,702</b>  | <b>71</b>         |
| Less recoveries in respect of employee benefits (table below)    | 0             | 0             | 0                 | 0                    | 0             | 0                 | 0             | 0             | 0                 |
| <b>Total - Net Employee Benefits including capitalised costs</b> | <b>14,793</b> | <b>13,536</b> | <b>1,257</b>      | <b>11,020</b>        | <b>9,834</b>  | <b>1,186</b>      | <b>3,773</b>  | <b>3,702</b>  | <b>71</b>         |
| <b>Employee costs capitalised</b>                                | <b>0</b>      | <b>0</b>      | <b>0</b>          | <b>0</b>             | <b>0</b>      | <b>0</b>          | <b>0</b>      | <b>0</b>      | <b>0</b>          |
| <b>Gross Employee Benefits excluding capitalised costs</b>       | <b>14,793</b> | <b>13,536</b> | <b>1,257</b>      | <b>11,020</b>        | <b>9,834</b>  | <b>1,186</b>      | <b>3,773</b>  | <b>3,702</b>  | <b>71</b>         |
| <b>Recognised as:</b>  |               |               |                   |                      |               |                   |               |               |                   |
| Commissioning employee benefits                                  | 14,793        |               |                   | 11,020               |               |                   | 3,773         |               |                   |
| Provider employee benefits                                       | 0             |               |                   | 0                    |               |                   | 0             |               |                   |
| <b>Gross Employee Benefits excluding capitalised costs</b>       | <b>14,793</b> |               |                   | <b>11,020</b>        |               |                   | <b>3,773</b>  |               |                   |

## Employee Benefits - Prior- year

|  | 2011-12       |                                 |               |
|--|---------------|---------------------------------|---------------|
|  | Total<br>£000 | Permanently<br>employed<br>£000 | Other<br>£000 |
| <b>Employee Benefits Gross Expenditure 2011-12</b>               |               |                                 |               |
| Salaries and wages   | 10,658        | 8,776                           | 1,882         |
| Social security costs  | 709           | 709                             | 0             |
| Employer Contributions to NHS BSA - Pensions Division            | 1,108         | 1,108                           | 0             |
| Other pension costs  | 0             | 0                               | 0             |
| Other post-employment benefits                                   | 0             | 0                               | 0             |
| Other employment benefits  | 0             | 0                               | 0             |
| Termination benefits   | 94            | 94                              | 0             |
| <b>Total gross employee benefits</b>                             | <b>12,569</b> | <b>10,687</b>                   | <b>1,882</b>  |
| Less recoveries in respect of employee benefits                  | 0             | 0                               | 0             |
| <b>Total - Net Employee Benefits including capitalised costs</b> | <b>12,569</b> | <b>10,687</b>                   | <b>1,882</b>  |
| <b>Employee costs capitalised</b>                                | <b>0</b>      | <b>0</b>                        | <b>0</b>      |
| <b>Gross Employee Benefits excluding capitalised costs</b>       | <b>12,569</b> | <b>10,687</b>                   | <b>1,882</b>  |
| <b>Recognised as:</b>  |               |                                 |               |
| Commissioning employee benefits                                  | 12,569        |                                 |               |
| Provider employee benefits                                       | 0             |                                 |               |
| <b>Gross Employee Benefits excluding capitalised costs</b>       | <b>12,569</b> |                                 |               |

## 7.2 Staff Numbers

|  | 2012-13         |                                   |                 | 2011-12         |                                   |                 |
|--|-----------------|-----------------------------------|-----------------|-----------------|-----------------------------------|-----------------|
|  | Total<br>Number | Permanently<br>employed<br>Number | Other<br>Number | Total<br>Number | Permanently<br>employed<br>Number | Other<br>Number |
| <b>Average Staff Numbers</b>                     |                 |                                   |                 |                 |                                   |                 |
| Medical and dental                               | 4               | 4                                 | 0               | 5               | 5                                 | 0               |
| Ambulance staff                                  | 0               | 0                                 | 0               | 0               | 0                                 | 0               |
| Administration and estates                       | 292             | 224                               | 68              | 257             | 226                               | 30              |
| Healthcare assistants and other support staff    | 0               | 0                                 | 0               | 1               | 1                                 | 0               |
| Nursing, midwifery and health visiting staff     | 9               | 8                                 | 1               | 8               | 8                                 | 0               |
| Nursing, midwifery and health visiting learners  | 0               | 0                                 | 0               | 0               | 0                                 | 0               |
| Scientific, therapeutic and technical staff      | 6               | 6                                 | 0               | 6               | 6                                 | 0               |
| Social Care Staff                                | 0               | 0                                 | 0               | 0               | 0                                 | 0               |
| Other  | 5               | 5                                 | 0               | 0               | 0                                 | 0               |
| <b>TOTAL</b>                                     | <b>316</b>      | <b>247</b>                        | <b>69</b>       | <b>277</b>      | <b>246</b>                        | <b>30</b>       |
| Of the above - staff engaged on capital projects | 0               | 0                                 | 0               | 0               | 0                                 | 0               |

## 7.3 Staff ill health retirements

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

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

| Exit package cost band (including any special payment element) | 2012-13                           |                                   |  | 2011-12                           |                                   |               | 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 of compulsory redundancies | Number of other departures agreed |               |  |
|  | Number                            | Number                            | Number                                     | Number                            | Number                            | Number        |  |
| Lees than £10,000  | 1                                 | 0                                 | 1  | 0                                 | 0                                 | 0             | 0  |
| £10,001-£25,000  | 3                                 | 0                                 | 3  | 1                                 | 2                                 | 3             | 3  |
| £25,001-£50,000  | 1                                 | 0                                 | 1  | 0                                 | 0                                 | 0             | 0  |
| £50,001-£100,000   | 4                                 | 0                                 | 4  | 0                                 | 1                                 | 1             | 1  |
| £100,001 - £150,000  | 0                                 | 0                                 | 0  | 0                                 | 0                                 | 0             | 0  |
| £150,001 - £200,000  | 0                                 | 0                                 | 0  | 0                                 | 0                                 | 0             | 0  |
| >£200,000  | 0                                 | 0                                 | 0  | 0                                 | 0                                 | 0             | 0  |
| <b>Total number of exit packages by type (total cost)</b>      | <b>9</b>                          | <b>0</b>                          | <b>9</b>                                   | <b>1</b>                          | <b>3</b>                          | <b>4</b>      |  |
|  | £                                 | £                                 | £  | £                                 | £                                 | £             | £  |
| <b>Total resource cost</b>                                     | 342,000                           | 0                                 | <b>342,000</b>                             | 14,000                            | 80,000                            | <b>94,000</b> |  |

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

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

### a) Accounting valuation

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

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

### b) Full actuarial (funding) valuation

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

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

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

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

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

### c) Scheme provisions

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

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

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

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

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

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

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

**8. Better Payment Practice Code****8.1 Measure of compliance**

|   | 2012-13<br>Number | 2012-13<br>£000 | 2011-12<br>Number | 2011-12<br>£000 |
|---|-------------------|-----------------|-------------------|-----------------|
| <b>Non-NHS Payables</b>                             |                   |                 |                   |                 |
| Total Non-NHS Trade Invoices Paid in the Year       | 17,376            | 69,763          | 16,624            | 63,308          |
| Total Non-NHS Trade Invoices Paid Within Target     | <u>16,883</u>     | <u>67,492</u>   | <u>16,317</u>     | <u>60,469</u>   |
| Percentage of NHS Trade Invoices Paid Within Target | <u>97.16%</u>     | <u>96.74%</u>   | <u>98.15%</u>     | <u>95.52%</u>   |
| <b>NHS Payables</b>                                 |                   |                 |                   |                 |
| Total NHS Trade Invoices Paid in the Year           | 2,783             | 486,787         | 2,743             | 434,668         |
| Total NHS Trade Invoices Paid Within Target         | <u>2,608</u>      | <u>456,967</u>  | <u>2,536</u>      | <u>424,158</u>  |
| Percentage of NHS Trade Invoices Paid Within Target | <u>93.71%</u>     | <u>93.87%</u>   | <u>92.45%</u>     | <u>97.58%</u>   |

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,

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

|   | 2012-13<br>£000 | 2011-12<br>£000 |
|---|-----------------|-----------------|
| Amounts included in finance costs from claims made under this legislation | 0               | 0               |
| Compensation paid to cover debt recovery costs under this legislation     | <u>0</u>        | <u>0</u>        |
| <b>Total</b>  | <u>0</u>        | <u>0</u>        |

**9. Investment Income**

The PCT had no investment income in 2012/13 or 2011/12

**10. Other Gains and Losses**

|   | 2012-13<br>Programme<br>£000 | 2011-12<br>£000 |
|---|------------------------------|-----------------|
| Gain/(Loss) on disposal of assets other than by sale (PPE)                            | (213)                        | 0               |
| Gain/(Loss) on disposal of assets other than by sale (intangibles)                    | 0                            | 0               |
| Gain/(Loss) on disposal of Financial Assets - other than held for sale                | 0                            | 0               |
| Gain (Loss) on disposal of assets held for sale                                       | 0                            | 0               |
| Gain/(loss) on foreign exchange   | 0                            | 0               |
| Change in fair value of financial assets carried at fair value through the SoCNE      | 0                            | 0               |
| Change in fair value of financial liabilities carried at fair value through the SoCNE | 0                            | 0               |
| Change in fair value of investment property   | 0                            | 0               |
| Recycling of gain/(loss) from equity on disposal of financial assets held for sale    | <u>0</u>                     | <u>0</u>        |
| <b>Total</b>  | <u>(213)</u>                 | <u>0</u>        |

**11. Finance Costs**

|  | 2012-13<br>Admin<br>£000 | 2011-12<br>£000 |
|--|--------------------------|-----------------|
| <b>Interest</b>                                      |                          |                 |
| Interest on obligations under finance leases         | 0                        | 0               |
| <b>Interest on obligations under PFI contracts:</b>  |                          |                 |
| - main finance cost                                  | 970                      | 933             |
| - contingent finance cost                            | 405                      | 362             |
| <b>Interest on obligations under LIFT contracts:</b> |                          |                 |
| - main finance cost                                  | 0                        | 0               |
| - contingent finance cost                            | 0                        | 0               |
| Interest on late payment of commercial debt          | 0                        | 0               |
| Other interest expense                               | <u>0</u>                 | <u>0</u>        |
| <b>Total interest expense</b>                        | <u>1,375</u>             | <u>1,295</u>    |
| Other finance costs                                  | 0                        | 0               |
| Provisions - unwinding of discount                   | <u>0</u>                 | <u>0</u>        |
| <b>Total</b>   | <u>1,375</u>             | <u>1,295</u>    |



**12.1 Property, plant and equipment**

|  | Land          | Buildings<br>excluding<br>dwellings | Dwellings | Assets under<br>construction<br>and<br>payments on<br>account | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total         |
|--|---------------|-------------------------------------|-----------|---|----------------------|------------------------|---------------------------|-------------------------|---------------|
|  | £000          | £000                                | £000      | £000  | £000                 | £000                   | £000                      | £000                    | £000          |
| <b>2012-13</b>                                 |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>Cost or valuation:</b>                      |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>At 1 April 2012</b>                         | 15,489        | 35,100                              | 0         | 40  | 3,372                | 127                    | 5,385                     | 157                     | 59,670        |
| Additions of Assets Under Construction         |               |                                     |           | 0   |                      |                        |                           |                         | 0             |
| Additions Purchased                            | 0             | 412                                 | 0         |   | 0                    | 0                      | 154                       | 0                       | 566           |
| 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             |
| Reclassifications                              | 0             | 40                                  |           | (40)  | 0                    | 0                      | 0                         | 0                       | 0             |
| Reclassifications as Held for Sale             | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Disposals other than for sale                  | 0             | 0                                   | 0         | 0   | (769)                | 0                      | (334)                     | 0                       | (1,103)       |
| Upward revaluation/positive indexation         | 0             | 938                                 | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 938           |
| Impairments/negative indexation                | 0             | (450)                               | 0         | 0   | 0                    | 0                      | 0                         | 0                       | (450)         |
| Reversal of Impairments                        | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Transfers (to)/from Other Public Sector Bodies | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2013</b>                        | <b>15,489</b> | <b>36,040</b>                       | <b>0</b>  | <b>0</b>  | <b>2,603</b>         | <b>127</b>             | <b>5,205</b>              | <b>157</b>              | <b>59,621</b> |
| <b>Depreciation</b>                            |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>At 1 April 2012</b>                         | 0             | 2,093                               | 0         | 0   | 2,906                | 124                    | 2,212                     | 111                     | 7,446         |
| Reclassifications                              | 0             | 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         |   | (760)                | 0                      | (159)                     | 0                       | (919)         |
| Upward revaluation/positive indexation         | 0             | 0                                   | 0         |   | 0                    | 0                      | 0                         | 0                       | 0             |
| Impairments                                    | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Reversal of Impairments                        | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Charged During the Year                        | 0             | 1,114                               |           |   | 157                  | 2                      | 1,015                     | 16                      | 2,304         |
| Transfers (to)/from Other Public Sector Bodies | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2013</b>                        | <b>0</b>      | <b>3,207</b>                        | <b>0</b>  | <b>0</b>  | <b>2,303</b>         | <b>126</b>             | <b>3,068</b>              | <b>127</b>              | <b>8,831</b>  |
| <b>Net Book Value at 31 March 2013</b>         | <b>15,489</b> | <b>32,833</b>                       | <b>0</b>  | <b>0</b>  | <b>300</b>           | <b>1</b>               | <b>2,137</b>              | <b>30</b>               | <b>50,790</b> |
| Purchased                                      | 15,489        | 29,959                              | 0         | 0   | 252                  | 0                      | 2,137                     | 19                      | 47,856        |
| Donated  | 0             | 2,874                               | 0         | 0   | 48                   | 1                      | 0                         | 11                      | 2,934         |
| Government Granted                             | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>Total at 31 March 2013</b>                  | <b>15,489</b> | <b>32,833</b>                       | <b>0</b>  | <b>0</b>  | <b>300</b>           | <b>1</b>               | <b>2,137</b>              | <b>30</b>               | <b>50,790</b> |
| <b>Asset financing:</b>                        |               |                                     |           |   |                      |                        |                           |                         |               |
| Owned  | 15,489        | 15,626                              | 0         | 0   | 300                  | 1                      | 2,137                     | 30                      | 33,583        |
| Held on finance lease                          | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| On-SOFP PFI contracts                          | 0             | 17,207                              | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 17,207        |
| PFI residual: interests                        | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>Total at 31 March 2013</b>                  | <b>15,489</b> | <b>32,833</b>                       | <b>0</b>  | <b>0</b>  | <b>300</b>           | <b>1</b>               | <b>2,137</b>              | <b>30</b>               | <b>50,790</b> |

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

|                         | Land         | Buildings    | Dwellings | Assets under<br>construction<br>& payments<br>on account | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total         |
|-------------------------|--------------|--------------|-----------|--|----------------------|------------------------|---------------------------|-------------------------|---------------|
|                         | £000's       | £000's       | £000's    | £000's   | £000's               | £000's                 | £000's                    | £000's                  | £000's        |
| <b>At 1 April 2012</b>  | 5,808        | 6,658        | 0         | 0  | 125                  | 0                      | 0                         | 0                       | 12,591        |
| Movements (specify)     | 0            | 488          | 0         | 0  | 0                    | 0                      | 0                         | 0                       | 488           |
| <b>At 31 March 2013</b> | <b>5,808</b> | <b>7,146</b> | <b>0</b>  | <b>0</b>   | <b>125</b>           | <b>0</b>               | <b>0</b>                  | <b>0</b>                | <b>13,079</b> |

**Additions to Assets Under Construction in 2012-13**

|                          | £000     |
|--------------------------|----------|
| Land                     | 0        |
| Buildings excl Dwellings | 0        |
| Dwellings                | 0        |
| Plant & Machinery        | 0        |
| <b>Balance as at YTD</b> | <b>0</b> |

## 12.2 Property, plant and equipment

|   | Land          | Buildings<br>excluding<br>dwellings | Dwellings | Assets under<br>construction<br>and<br>payments on<br>account | Plant &<br>machinery | Transport<br>equipment | Information<br>technology | Furniture &<br>fittings | Total         |
|---|---------------|-------------------------------------|-----------|---|----------------------|------------------------|---------------------------|-------------------------|---------------|
|   | £000          | £000                                | £000      | £000  | £000                 | £000                   | £000                      | £000                    | £000          |
| <b>2011-12</b>                                      |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>Cost or valuation:</b>                           |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>At 1 April 2011</b>                              | <b>15,489</b> | <b>33,815</b>                       | <b>0</b>  | <b>40</b>   | <b>3,372</b>         | <b>127</b>             | <b>6,962</b>              | <b>157</b>              | <b>59,962</b> |
| Additions - purchased                               | 0             | 198                                 | 0         | 0   | 0                    | 0                      | 509                       | 0                       | 707           |
| 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                        | 0             | 0                                   | 0         | 0   | 0                    | 0                      | (2,086)                   | 0                       | (2,086)       |
| Revaluation & indexation gains                      | 0             | 1,326                               | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 1,326         |
| Impairments   | 0             | (239)                               | 0         | 0   | 0                    | 0                      | 0                         | 0                       | (239)         |
| Reversals of impairments                            | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| In-year transfers to/from NHS bodies                | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Cumulative dep netted off cost following revaluatic | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2012</b>                             | <b>15,489</b> | <b>35,100</b>                       | <b>0</b>  | <b>40</b>   | <b>3,372</b>         | <b>127</b>             | <b>5,385</b>              | <b>157</b>              | <b>59,670</b> |
| <b>Depreciation</b>                                 |               |                                     |           |   |                      |                        |                           |                         |               |
| <b>At 1 April 2011</b>                              | <b>0</b>      | <b>1,024</b>                        | <b>0</b>  |   | <b>2,724</b>         | <b>120</b>             | <b>3,206</b>              | <b>95</b>               | <b>7,169</b>  |
| 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         |   | 0                    | 0                      | (2,086)                   | 0                       | (2,086)       |
| Upward revaluation/positive indexation              | 0             | 0                                   | 0         |   | 0                    | 0                      | 0                         | 0                       | 0             |
| Impairments   | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Reversal of Impairments                             | 0             | (15)                                | 0         | 0   | 0                    | 0                      | 0                         | 0                       | (15)          |
| Charged During the Year                             | 0             | 1,084                               | 0         |   | 182                  | 4                      | 1,092                     | 16                      | 2,378         |
| In-year transfers to/from NHS bodies                | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| Cumulative dep netted off cost following revaluatic | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2012</b>                             | <b>0</b>      | <b>2,093</b>                        | <b>0</b>  | <b>0</b>  | <b>2,906</b>         | <b>124</b>             | <b>2,212</b>              | <b>111</b>              | <b>7,446</b>  |
| <b>Net Book Value at 31 March 2012</b>              | <b>15,489</b> | <b>33,007</b>                       | <b>0</b>  | <b>40</b>   | <b>466</b>           | <b>3</b>               | <b>3,173</b>              | <b>46</b>               | <b>52,224</b> |
| Purchased   | 15,489        | 30,152                              | 0         | 40  | 369                  | 0                      | 3,173                     | 31                      | 49,254        |
| Donated   | 0             | 2,855                               | 0         | 0   | 97                   | 3                      | 0                         | 15                      | 2,970         |
| Government Granted                                  | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2012</b>                             | <b>15,489</b> | <b>33,007</b>                       | <b>0</b>  | <b>40</b>   | <b>466</b>           | <b>3</b>               | <b>3,173</b>              | <b>46</b>               | <b>52,224</b> |
| <b>Asset financing:</b>                             |               |                                     |           |   |                      |                        |                           |                         |               |
| Owned   | 15,489        | 15,642                              | 0         | 40  | 466                  | 3                      | 3,173                     | 46                      | 34,859        |
| Held on finance lease                               | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| On-SOFP PFI contracts                               | 0             | 17,365                              | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 17,365        |
| PFI residual: interests                             | 0             | 0                                   | 0         | 0   | 0                    | 0                      | 0                         | 0                       | 0             |
| <b>At 31 March 2012</b>                             | <b>15,489</b> | <b>33,007</b>                       | <b>0</b>  | <b>40</b>   | <b>466</b>           | <b>3</b>               | <b>3,173</b>              | <b>46</b>               | <b>52,224</b> |

**13.1 Intangible non-current assets**

|  | <b>Licences &amp;<br/>trademarks<br/>£000</b> |
|--|---|
| <b>2012-13</b>                                   |   |
| <b>At 1 April 2012</b>                           | <b>163</b>                                    |
| Additions - purchased                            | 19  |
| Disposals other than by sale                     | (86)  |
| Prior period adjustments                         | 0   |
| Merger adjustments                               | 0   |
| <b>At 31 March 2013</b>                          | <b>96</b>                                     |
| <b>Amortisation</b>                              |   |
| <b>At 1 April 2012</b>                           | <b>60</b>                                     |
| Disposals other than by sale                     | (57)  |
| Charged during the year                          | 27  |
| Prior period adjustments                         | 0   |
| Merger adjustments                               | 0   |
| <b>At 31 March 2013</b>                          | <b>30</b>                                     |
| <b>Net Book Value at 31 March 2013</b>           | <b>66</b>                                     |
| <b>Net Book Value at 31 March 2013 comprises</b> |   |
| Purchased  | 66  |
| Donated  | 0   |
| Government Granted                               | 0   |
| <b>Total at 31 March 2013</b>                    | <b>66</b>                                     |

**Revaluation reserve balance for intangible non-current assets**

|                                 | £000's   |
|---------------------------------|----------|
| <b>At 31 March 2012</b>         | 0        |
| Opening balance adjustments     | 0        |
| <b>At 1 April 2012 restated</b> | 0        |
| Movements (specify)             | 0        |
| <b>At 31 March 2013</b>         | <b>0</b> |

**13.2 Intangible non-current assets**

|  | <b>Licences &amp;<br/>trademarks<br/>£000</b> |
|--|---|
| <b>2011-12</b>                                   |   |
| <b>At 1 April 2011</b>                           | <b>126</b>                                    |
| Additions - purchased                            | 37  |
| <b>At 31 March 2012</b>                          | <b>163</b>                                    |
| <b>Amortisation</b>                              |   |
| <b>At 1 April 2011</b>                           | <b>29</b>                                     |
| Charged during the year                          | 31  |
| <b>At 31 March 2012</b>                          | <b>60</b>                                     |
| <b>Net Book Value at 31 March 2012</b>           | <b>103</b>                                    |
| <b>Net Book Value at 31 March 2012 comprises</b> |   |
| Purchased  | 103   |
| Donated  | 0   |
| Government Granted                               | 0   |
| <b>Total at 31 March 2012</b>                    | <b>103</b>                                    |

**13.3 Intangible non-current assets**

|                                      | <b>Min Life<br/>Years</b> | <b>Max Life<br/>Years</b> |
|--------------------------------------|---------------------------|---------------------------|
| <b>Intangible Assets</b>             |                           |                           |
| Software Licences                    | 2                         | 5                         |
| Licences and Trademarks              | 2                         | 5                         |
| Patents                              | 2                         | 5                         |
| Development Expenditure              | 2                         | 5                         |
| <b>Property, Plant and Equipment</b> |                           |                           |
| Buildings exc Dwellings              | 2                         | 35                        |
| Dwellings                            | 2                         | 35                        |
| Plant & Machinery                    | 2                         | 10                        |
| Transport Equipment                  | 2                         | 7                         |
| Information Technology               | 2                         | 3                         |
| Furniture and Fittings               | 2                         | 10                        |

| <b>Open Market Value of Assets at balance sheet date</b> | <b>Land<br/>£000s</b> | <b>Buildings<br/>excl.<br/>Dwellings<br/>£000s</b> | <b>Dwellings<br/>s<br/>£000s</b> | <b>Total<br/>£000s</b> |
|--|-----------------------|--|----------------------------------|------------------------|
| Open Market Value at 31 March 2013                       | 0                     | 0  | 0                                | 0                      |
| Open Market Value at 31 March 2012                       | 0                     | 0  | 0                                | 0                      |

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

|   | <b>2012-13<br/>Total<br/>£000</b> | <b>2012-13<br/>Admin<br/>£000</b> | <b>2012-13<br/>Programme<br/>£000</b> |
|---|-----------------------------------|-----------------------------------|---------------------------------------|
| <b>Property, Plant and Equipment impairments and reversals taken to SoCNE</b>                     |                                   |                                   |                                       |
| Loss or damage resulting from normal operations   | 0                                 | 0                                 | 0                                     |
| <b>Total charged to Departmental Expenditure Limit</b>  | <b>0</b>                          | <b>0</b>                          | <b>0</b>                              |
| <b>Property, Plant and Equipment impairments and reversals charged to the revaluation reserve</b> |                                   |                                   |                                       |
| Loss or damage resulting from normal operations   | 450                               |                                   |                                       |
| Changes in market price   | 0                                 |                                   |                                       |
| <b>Total impairments for PPE charged to reserves</b>  | <b>450</b>                        |                                   |                                       |
| <b>Total Impairments of Property, Plant and Equipment</b>   | <b>450</b>                        |                                   |                                       |
| <b>Total Impairments charged to Revaluation Reserve</b>   | <b>450</b>                        |                                   |                                       |
| <b>Total Impairments charged to SoCNE - DEL</b>   | <b>0</b>                          |                                   |                                       |
| <b>Total Impairments charged to SoCNE - AME</b>   | <b>0</b>                          |                                   |                                       |
| <b>Overall Total Impairments</b>  | <b>450</b>                        |                                   |                                       |

## 15 Investment property

The PCT held no investment property on 31st March 2013 (£0 31st March 2012)

## 16 Commitments

### 16.1 Capital commitments

The PCT had no capital commitments as at 31st March 2013 or 31st March 2012

### 16.2 Other financial commitments

The PCT has not entered into non-cancellable contracts

## 17 Intra-Government and other balances

|   | Current<br>receivables<br>£000s | Non-current<br>receivables<br>£000s | Current<br>payables<br>£000s | Non-current<br>payables<br>£000s |
|---|---------------------------------|-------------------------------------|------------------------------|----------------------------------|
| Balances with other Central Government Bodies           | 2,396                           | 0                                   | 277                          | 0                                |
| Balances with Local Authorities                         | 0                               | 0                                   | 1,314                        | 0                                |
| Balances with NHS bodies outside the Departmental Group | 0                               | 0                                   | 0                            | 0                                |
| Balances with NHS Trusts and Foundation Trusts          | 1,073                           | 0                                   | 4,429                        | 0                                |
| Balances with Public Corporations and Trading Funds     | 0                               | 0                                   | 0                            | 0                                |
| Balances with bodies external to government             | 0                               | 0                                   | 0                            | 0                                |
| <b>At 31 March 2013</b>                                 | <b>3,469</b>                    | <b>0</b>                            | <b>6,020</b>                 | <b>0</b>                         |
| <b>prior period:</b>                                    |                                 |                                     |                              |                                  |
| Balances with other Central Government Bodies           | 1,752                           | 0                                   | 7,499                        | 0                                |
| Balances with Local Authorities                         | 200                             | 0                                   | 630                          | 0                                |
| Balances with NHS Trusts and Foundation Trusts          | 4,352                           | 0                                   | 2,408                        | 0                                |
| Balances with Public Corporations and Trading Funds     | 0                               | 0                                   | 0                            | 0                                |
| Balances with bodies external to government             | 2,818                           | 0                                   | 36,225                       | 0                                |
| <b>At 31 March 2012</b>                                 | <b>9,122</b>                    | <b>0</b>                            | <b>46,762</b>                | <b>0</b>                         |

**18 Inventories**

The PCT did not hold any inventories at 31st March 2013 (£0 at 31st March 2012)

**19.1 Trade and other receivables**

|  | Current               |                       | Non-current           |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 31 March 2013<br>£000 | 31 March 2012<br>£000 | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
| NHS receivables - revenue  | 3,507                 | 5,433                 | 0                     | 0                     |
| NHS receivables - capital  | 0                     | 48                    | 0                     | 0                     |
| NHS prepayments and accrued income   | (38)                  | 555                   | 0                     | 0                     |
| Non-NHS receivables - revenue  | 540                   | 998                   | 0                     | 0                     |
| Non-NHS receivables - capital  | 0                     | 0                     | 0                     | 0                     |
| Non-NHS prepayments and accrued income   | 298                   | 1,826                 | 0                     | 0                     |
| Provision for the impairment of receivables  | (18)                  | (184)                 | 0                     | 0                     |
| VAT  | 315                   | 437                   | 0                     | 0                     |
| Current/non-current part of PFI and other PPP arrangements<br>prepayments and accrued income | 0                     | 0                     | 0                     | 0                     |
| Interest receivables   | 0                     | 0                     | 0                     | 0                     |
| Finance lease receivables  | 0                     | 0                     | 0                     | 0                     |
| Operating lease receivables  | 0                     | 0                     | 0                     | 0                     |
| Other receivables  | 105                   | 9                     | 0                     | 0                     |
| <b>Total</b>   | <b>4,709</b>          | <b>9,122</b>          | <b>0</b>              | <b>0</b>              |
| <b>Total current and non current</b>   | <b>4,709</b>          | <b>9,122</b>          |                       |                       |
| <b>Included above:</b>   |                       |                       |                       |                       |
| <b>Prepaid pensions contributions</b>  | <b>0</b>              | <b>0</b>              |                       |                       |

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

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

|                         | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
|-------------------------|-----------------------|-----------------------|
| By up to three months   | 951                   | 2,044                 |
| By three to six months  | 0                     | 12                    |
| By more than six months | 16                    | 857                   |
| <b>Total</b>            | <b>967</b>            | <b>2,913</b>          |

**19.3 Provision for impairment of receivables**

|   | 2012-13<br>£000 | 2011-12<br>£000 |
|---|-----------------|-----------------|
| Balance at 1 April 2012                     | (184)           | 0               |
| (Increase)/decrease in receivables impaired | 166             | (184)           |
| <b>Balance at 31 March 2013</b>             | <b>(18)</b>     | <b>(184)</b>    |

**20 NHS LIFT investments**

The PCT did not hold any LIFT investments

**21.1 Other financial assets - Current**

The PCT did not hold any other financial assets - current

**21.2 Other Financial Assets - Non Current**

The PCT did not hold any other financial assets - non current

**21.3 Other Financial Assets - Capital Analysis**

The PCT did not hold any other financial assets - capital analysis

**22 Other current assets**

No other current assets were held by the PCT

**23 Cash and Cash Equivalents**

|  | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
|--|-----------------------|-----------------------|
| <b>Opening balance</b>   | <b>0</b>              | 0                     |
| Net change in year   | <b>15</b>             | 0                     |
| <b>Closing balance</b>   | <b>15</b>             | 0                     |
| <b>Made up of</b>  |                       |                       |
| Cash with Government Banking Service                                   | 15                    | 0                     |
| Commercial banks   | 0                     | 0                     |
| Cash in hand   | 0                     | 0                     |
| Current investments  | 0                     | 0                     |
| <b>Cash and cash equivalents as in statement of financial position</b> | <b>15</b>             | 0                     |
| Bank overdraft - Government Banking Service                            | 0                     | (9)                   |
| Bank overdraft - Commercial banks                                      | 0                     | 0                     |
| <b>Cash and cash equivalents as in statement of cash flows</b>         | <b>15</b>             | (9)                   |

No patients monies were held at the year end

**24 Non-current assets held for sale**

The PCT held no assets for sale at March 2013 or March 2012

**25 Trade and other payables**

|  | Current               |                       | Non-current           |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 31 March 2013<br>£000 | 31 March 2012<br>£000 | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
| Interest payable                         | 0                     | 0                     |                       |                       |
| NHS payables - revenue                   | 2,614                 | 4,046                 | 0                     | 0                     |
| NHS payables - capital                   | 0                     | 0                     | 0                     | 0                     |
| NHS accruals and deferred income         | 2,092                 | 5,861                 | 0                     | 0                     |
| Family Health Services (FHS) payables    | 12,577                | 15,077                | 0                     | 0                     |
| Non-NHS payables - revenue               | 694                   | 1,246                 | 0                     | 0                     |
| Non-NHS payables - capital               | 224                   | 594                   | 0                     | 0                     |
| Non_NHS accruals and deferred income     | 18,203                | 19,685                | 0                     | 0                     |
| Social security costs                    | 6                     | 0                     | 0                     | 0                     |
| VAT                                      | 0                     | 68                    | 0                     | 0                     |
| Tax                                      | 69                    | 0                     | 0                     | 0                     |
| Payments received on account             | 0                     | 0                     | 0                     | 0                     |
| Other                                    | 0                     | 185                   | 0                     | 0                     |
| <b>Total</b>                             | <b>36,479</b>         | <b>46,762</b>         | <b>0</b>              | <b>0</b>              |
| Total payables (current and non-current) | <b>36,479</b>         | <b>46,762</b>         |                       |                       |

No other payables in respect of payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and nil in respect of outstanding pensions contributions at 2012-13 (2011-12 £0)

**26 Other liabilities**

There were no other liabilities at 31st March 2013 nor 31st March 2012

**27 Borrowings**

|   | Current               |                       | Non-current           |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 31 March 2013<br>£000 | 31 March 2012<br>£000 | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
| Bank overdraft - Government Banking Service       | 0                     | 9                     | 0                     | 0                     |
| Bank overdraft - commercial banks                 | 0                     | 0                     | 0                     | 0                     |
| PFI liabilities:                                  |                       |                       |                       |                       |
| Main liability                                    | 398                   | 347                   | 14,235                | 14,691                |
| <b>Total</b>                                      | <b>398</b>            | <b>356</b>            | <b>14,235</b>         | <b>14,691</b>         |
| Total other liabilities (current and non-current) | <b>14,633</b>         | <b>15,047</b>         |                       |                       |

**28 Other financial liabilities**

There were no other financial liabilities at 31st March 2013 or 31st March 2012

**29 Deferred income**

There was no deferred income at 31st March 2013 or 31st March 2012

**30 Finance lease obligations**

There were no finance lease obligations at 31st March 2013 or 31st March 2012

**31 Finance lease receivables as lessor**

There were no finance lease receivables at 31st March 2013 or 31st March 2012



**32 Provisions**

Comprising:

|  | Total<br>£000s | Pensions to<br>Former<br>Directors<br>£000s | Pensions<br>Relating to<br>Other Staff<br>£000s | Legal Claims<br>£000s | Restructuring<br>£000s | Continuing<br>Care<br>£000s | Equal Pay<br>£000s | Agenda for<br>Change<br>£000s | Other<br>£000s | Redundancy<br>£000s |
|--|----------------|---|---|-----------------------|------------------------|-----------------------------|--------------------|-------------------------------|----------------|---------------------|
| <b>Balance at 1 April 2012</b>                   | <b>4,495</b>   | <b>6</b>                                    | <b>9</b>  | <b>0</b>              | <b>0</b>               | <b>4,015</b>                | <b>0</b>           | <b>0</b>                      | <b>465</b>     | <b>0</b>            |
| Arising During the Year                          | 9,721          | 0   | 0   | 0                     | 0                      | 8,816                       | 0                  | 0                             | 315            | 590                 |
| Utilised During the Year                         | (80)           | 0   | 0   | 0                     | 0                      | (30)                        | 0                  | 0                             | (50)           | 0                   |
| Reversed Unused                                  | 0              | 0   | 0   | 0                     | 0                      | 0                           | 0                  | 0                             | 0              | 0                   |
| Unwinding of Discount                            | 0              | 0   | 0   | 0                     | 0                      | 0                           | 0                  | 0                             | 0              | 0                   |
| Change in Discount Rate                          | 0              | 0   | 0   | 0                     | 0                      | 0                           | 0                  | 0                             | 0              | 0                   |
| Transferred (to)/from other Public Sector bodies | 0              | 0   | 0   | 0                     | 0                      | 0                           | 0                  | 0                             | 0              | 0                   |
| <b>Balance at 31 March 2013</b>                  | <b>14,136</b>  | <b>6</b>                                    | <b>9</b>  | <b>0</b>              | <b>0</b>               | <b>12,801</b>               | <b>0</b>           | <b>0</b>                      | <b>730</b>     | <b>590</b>          |

**Expected Timing of Cash Flows:**

|   |       |   |   |   |   |       |   |   |     |     |
|---|-------|---|---|---|---|-------|---|---|-----|-----|
| No Later than One Year                            | 5,602 | 6 | 9 | 0 | 0 | 4,267 | 0 | 0 | 730 | 590 |
| Later than One Year and not later than Five Years | 8,534 | 0 | 0 | 0 | 0 | 8,534 | 0 | 0 | 0   | 0   |
| Later than Five Years                             | 0     | 0 | 0 | 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 | 4,272 |
| As at 31 March 2012 | 95    |

Other provisions include back to back arrangements for injury benefits

The continuing care provision relates to an amount set aside for retrospective claims. Part of the provision relates to known cases which are considered to be appropriate and a further element is included for potential claims which may be made. This additional amount is estimated based on historical data.

**33 Contingencies**

The PCT had no contingent assets as at March 2013

**34 PFI and LIFT - additional information**

|   | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
|---|-----------------------|-----------------------|
| <b>34.1 Charges to operating expenditure and future commitments in respect of ON and OFF SOFP PFI</b> |                       |                       |
| Total charge to operating expenses in year - OFF SOFP PFI   | 0                     | 0                     |
| Service element of on SOFP PFI charged to operating expenses in year                                  | 2,053                 | 2,003                 |
| <b>Total</b>  | <b>2,053</b>          | <b>2,003</b>          |
| <b>Payments committed to in respect of off SOFP PFI and the service element of on SOFP PFI</b>        |                       |                       |
| No Later than One Year  | 2,105                 | 2,053                 |
| Later than One Year, No Later than Five Years   | 8,959                 | 8,740                 |
| Later than Five Years   | 40,202                | 42,524                |
| <b>Total</b>  | <b>51,266</b>         | <b>53,317</b>         |

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

|   | 31 March 2013<br>£000 | 31 March 2012<br>£000 |
|---|-----------------------|-----------------------|
| Estimated Capital Value of Project - off SOFP PFI | 0                     | 0                     |
| Value of Deferred Assets - off SOFP PFI           | 0                     | 0                     |
| Value of Reversionary Interest - off SOFP PFI     | 0                     | 0                     |

**34.2 Imputed "finance lease" obligations for on SOFP PFI contracts due****Analysed by when PFI payments are due**

|   |               |               |
|---|---------------|---------------|
| No Later than One Year                        | 1,343         | 1,343         |
| Later than One Year, No Later than Five Years | 5,372         | 5,372         |
| Later than Five Years                         | 19,154        | 20,497        |
| <b>Subtotal</b>                               | <b>25,869</b> | <b>27,212</b> |
| Less: Interest Element                        | (11,236)      | (12,174)      |
| <b>Total</b>                                  | <b>14,633</b> | <b>15,038</b> |

**35 Impact of IFRS treatment - 2012-13**

|   | Total<br>£000 | Admin<br>£000 | Programme<br>£000 |
|---|---------------|---------------|-------------------|
| <b>Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)</b>    |               |               |                   |
| Depreciation charges  | 435           | 0             | 435               |
| Interest Expense  | 1,375         | 0             | 1,375             |
| Impairment charge - AME   | 0             | 0             | 0                 |
| Impairment charge - DEL   | 0             | 0             | 0                 |
| Other Expenditure   | 0             | 0             | 0                 |
| Revenue Receivable from subleasing  | 0             | 0             | 0                 |
| <b>Total IFRS Expenditure (IFRIC12)</b>   | <b>1,810</b>  | <b>0</b>      | <b>1,810</b>      |
| Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income) | 0             | 0             | 0                 |
| <b>Net IFRS change (IFRIC12)</b>  | <b>1,810</b>  | <b>0</b>      | <b>1,810</b>      |
| <b>Capital Consequences of IFRS : LIFT/PFI and other items under IFRIC12</b>                |               |               |                   |
| Capital expenditure 2012-13   | 0             |               |                   |
| UK GAAP capital expenditure 2012-13 (Reversionary Interest)                                 | 0             |               |                   |

## 36 Financial Instruments

### Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of the PCT are met through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size.

The majority of financial instruments relate to contracts for non-financial items in line with the PCT's expected purchase and usage requirements and the PCT is therefore exposed to little credit, liquidity or market risk.

### Currency risk

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

### Interest rate risk

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

### Credit Risk

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

### Liquidity Risk

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

### 36.1 Financial Assets

|                               | <b>Loans and<br/>receivables<br/>£000</b> |
|-------------------------------|---|
| Embedded derivatives          | 0   |
| Receivables - NHS             | 3,469                                     |
| Receivables - non-NHS         | 838                                       |
| Cash at bank and in hand      | 15  |
| Other financial assets        | <u>402</u>                                |
| <b>Total at 31 March 2013</b> | <b><u>4,724</u></b>                       |

|                               |                      |
|-------------------------------|----------------------|
| Embedded derivatives          | 0                    |
| Receivables - NHS             | 11,520               |
| Receivables - non-NHS         | 5,738                |
| Cash at bank and in hand      | 0                    |
| Other financial assets        | <u>0</u>             |
| <b>Total at 31 March 2012</b> | <b><u>17,258</u></b> |

### 36.2 Financial Liabilities

|                                 | <b>Other<br/>£000</b> |
|---------------------------------|-----------------------|
| Embedded derivatives            | 0                     |
| NHS payables                    | 8,378                 |
| Non-NHS payables                | 27,560                |
| Other borrowings                | 0                     |
| PFI & finance lease obligations | 14,664                |
| Other financial liabilities     | <u>541</u>            |
| <b>Total at 31 March 2013</b>   | <b><u>51,143</u></b>  |

|                                 |                      |
|---------------------------------|----------------------|
| Embedded derivatives            | 0                    |
| NHS payables                    | 8,521                |
| Non-NHS payables                | 34,179               |
| Other borrowings                | 0                    |
| PFI & finance lease obligations | 0                    |
| Other financial liabilities     | <u>0</u>             |
| <b>Total at 31 March 2012</b>   | <b><u>42,700</u></b> |

### 37 Related party transactions

During the year none of the Department of Health Ministers, trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Berkshire West Primary Care Trust

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

Ashford & St Peter's Hospitals NHS Foundation Trust  
 Berkshire East PCT  
 Berkshire Healthcare NHS Foundation Trust  
 Buckinghamshire Healthcare NHS Trust  
 Buckinghamshire PCT  
 East and North Hertfordshire NHS Trust  
 Frimley Park Hospital NHS Foundation Trust  
 Great Western Hospital NHS Foundation Trust  
 Hampshire Hospital NHS Foundation Trust  
 Hampshire PCT  
 Heatherwood and Wexham Park Hospitals NHS Foundation Trust  
 NHS Business Services Authority  
 NHS Litigation Authority  
 NHS Pensions Agency  
 Oxford University Hospital NHS Trust  
 Oxfordshire PCT  
 Royal Berkshire NHS Foundation Trust  
 Royal Brompton & Harefield NHS Foundation Trust  
 Royal Surrey County NHS Foundation Trust  
 South Central Ambulance Service NHS Foundation Trust  
 South Central Strategic Health Authority  
 Surrey PCT

The following GPs were leads for the shadow Clinical Commissioning Groups. The PCT had significant transactions with the practices where these GPs were partners

Dr Abid Irfan - Northcroft Surgery - lead for Newbury and District CCG  
 Dr Elizabeth Johnston - University Medical Centre - lead for South Reading CCG  
 Dr Rod Smith - Balmore Park Surgery - lead for North and West Reading CCG  
 Dr Stephen Madgwick - Brookside Group Practice - lead for Wokingham CCG

In addition, the PCT has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with unitary authorities within Berkshire in respect of joint health and social services commissioning.

The PCT has received no material amounts from Charitable Funds. The Charitable Funds are managed by Berkshire Healthcare NHS Foundation Trust.

### 38 Losses and special payments

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

|  | Total Value<br>of Cases<br>£s | Total Number<br>of Cases |
|--|-------------------------------|--------------------------|
| Losses - PCT management costs  | 10,044                        | 5                        |
| Special payments - PCT management costs                                      | 0                             | 0                        |
| Losses in respect of the provision of family practitioner services           | 0                             | 0                        |
| Special payments in respect of the provision of family practitioner services | 0                             | 0                        |
| <b>Total losses</b>  | 10,044                        | 5                        |
| <b>Total special payments</b>  | 0                             | 0                        |
| <b>Total losses and special payments</b>                                     | 10,044                        | 5                        |

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

|  | Total Value<br>of Cases<br>£s | Total Number<br>of Cases |
|--|-------------------------------|--------------------------|
| Losses - PCT management costs  | 0                             | 0                        |
| Special payments - PCT management costs                                      | 1,000                         | 2                        |
| Losses in respect of the provision of family practitioner services           | 0                             | 0                        |
| Special payments in respect of the provision of family practitioner services | 0                             | 0                        |
| <b>Total losses</b>  | 0                             | 0                        |
| <b>Total special payments</b>  | 1,000                         | 2                        |
| <b>Total losses and special payments</b>                                     | 1,000                         | 2                        |

### 39 Third party assets

There were no third party assets held at 31st March 2013 (£0 at 31st March 2012)

### 40 Community equipment pooled budget

Berkshire West PCT has a pooled budget arrangement with Slough Borough Council who are the host. The memorandum account for the pooled budget is:

The PCT's shares of the income and expenditure handled by the pooled budget in the financial year were:

|   | 2012-13<br>£000 | 2011-12<br>£000 |
|---|-----------------|-----------------|
| Total Pool Funding                          | 1,783           | 2,989           |
| Total Expenditure                           | 1,744           | 2,991           |
| NHS Berkshire West PCT funding contribution | 0               | 837             |

### 41 Cashflows relating to exceptional items

There were no exceptional items

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

**The main functions carried out by Berkshire West PCT in 2012-13 are to be carried out in 2013-14 by the following**

Newbury and District Clinical Commissioning Group  
NHS England  
North and West Reading Commissioning Group  
Public Health England  
Reading Borough Council  
South Reading Clinical Commissioning Group  
West Berkshire Borough Council  
Wokingham Borough Council  
Wokingham Clinical Commissioning Group

Certain assets have transferred to NHS Property Services and other entities on 1<sup>st</sup> 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.