Department of Health

NHS

Black Country Cluster of Primary Care Trusts

2012-13 Annual Report and Accounts

Dudley Primary Care Trust

Sandwell Primary Care Trust

Walsall Teaching Primary Care Trust

Wolverhampton City Primary Care Trust

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2012-13 Annual Report

Dudley Primary Care Trust

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Wolverhampton City Primary Care Trust

ANNUAL REPORT & ACCOUNTS

1 April 2012 – 31 March 2013

This document represents the Annual Report and Accounts (including Operating and Financial Review) of the Black Country Cluster of Primary Care Trusts for the 12 month period 1 April 2012 to 31 March 2013.

June 2013

WELCOME FROM CLUSTER CHAIR GILL COOPER

During 2012-13 we have had the local responsibility for implementing fundamental reforms during the most challenging period in the history of the NHS.

We were charged with ensuring the development of successor bodies and the safe transfer of duties and staff to them by 1 April 2013. At the same time we have continued to deliver and improve patient services for the communities of the Black Country boroughs.

It has been a tough job – four different Primary Care Trust (PCT) boards coming together, two sets of Executive Directors, a budget in excess of £2bn and savings of £215m to be achieved, as well as service redesign and quality standards to be improved.
I feel we have proved worthy of the task.

We have successfully supported the development and authorisation of four Clinical Commissioning Groups (CCGs) in the Black Country. We have worked with the Birmingham and Solihull Cluster to establish a joint Central Midlands Commissioning Support Unit (CSU), and transferred Public Health services and staff to four local authorities.

During 2012-13 we not only met our financial targets, we exceeded our savings target.

But most importantly of all, we have managed to improve patient care across the Black Country.

We reduced the number of Never Events (serious, largely preventable, patient-safety incidents that should not occur if available preventative measures are implemented) and cases of Healthcare-Associated Infection (particularly MRSA). Although mortality is still an issue for the Black Country, we have done some sterling and significant work on reducing mortality rates across all four boroughs.

We commissioned new contracts for vascular surgery and vascular screening. In 2012-13 we improved stroke services and began tackling the issues of pressure ulcers and demand on urgent care services.

These are achievements by any standards, let alone against a backdrop of constant change.

There is still much to be done to achieve sustainable long-term health improvements for Black Country people, and we wish our successor bodies all the best for the future.

As we well know, change does not just happen, it has to be managed and, above all, led. Getting the Cluster to this point has required a high degree of commitment and partnership working, both between and across agencies. Local authorities and both community and acute providers have played a significant role in shaping local healthcare arrangements for the future.

I truly appreciate the contribution made to our success by all staff, who have shown outstanding commitment in difficult circumstances.

Thanks for their dedication and hard work during 2012-13 must also go to our patient and staff representatives, the Clinical Commissioning Group governing bodies and GP membership, the new CSU team, and our own Board, both Executive and Non-Executive Directors, who have taken lead responsibility on work streams crucial to successful transition.

All that has been achieved by the Cluster in 2012-13 could not have happened without these individuals and I wish them well for the future, whatever it may bring. It has been a privilege to chair such a committed and professional organisation.

REPORT FROM BLACK COUNTRY CLUSTER CHIEF EXECUTIVE WENDY SAVIOUR

It is a pleasure to be able to say that, despite what has been an enormously challenging year for the Black Country PCT Cluster, we have managed to achieve a great deal.

We have ensured that the new NHS organisations in the Black Country – including the four Clinical Commissioning Groups in Dudley, Sandwell and West Birmingham, Walsall and Wolverhampton, the Central Midlands Commissioning Support Unit, and the

Area Team of NHS England – are ready to take on their new responsibilities, and that Public Health services are effectively transferred to local authorities.

There are particular elements of this transition that I would like to highlight. We have prepared staff from Sandwell, Walsall, Dudley and Wolverhampton Primary Care Trusts (PCTs) for the changes so they could either move into posts in the new organisations or take up other opportunities.

The commitment and professionalism of our staff during the year has been remarkable, given the considerable personal and organisational uncertainty people working in the PCT Cluster have experienced. Despite this, staff have remained dedicated to maintaining and continuing to develop services for the benefit of patients. The Black Country PCT Cluster Board members and I are extremely grateful to all our colleagues for their resilience, commitment and professional approach over this period. We wish everyone the very best in their individual futures, whether that is within new NHS organisations or new sectors.

The Cluster has successfully secured the PCTs' legacy, producing formal handover documents for the new commissioning bodies and also more detailed information that will offer them practical support and assistance.

The Cluster has also successfully transferred service contracts, staff, systems and processes. We have worked to resolve all outstanding issues before the end of the year. Inevitably a number remain unresolved but all have been appropriately transferred to relevant bodies.

Throughout these changes we have remained focused on maintaining quality and safety across services in the Black Country, and improving patient and public health and wellbeing.

In Sandwell, the Black Country PCT Cluster supported the transformation of the Agewell service into a social enterprise, so that the essential services it provides to local elderly people can be maintained and secured.

Reaching diverse communities and tackling health inequalities made up an especially important area of our work in the PCT Cluster and, throughout the year, we have worked hard to involve the public and patients in the changes to local health services and ensure their voice is heard.

We recognise the significant deprivation of our population, and the issue of higher levels of mortality in our populations locally. While this has been focused nationally on how hospitals operate, it is an issue that all parts of the NHS influence and, locally, our

emphasis has been on developing co-operative and combined responses to increase the length and quality of life for local people. There are continuing reductions in mortality rates across the Black Country, albeit to varying degrees between localities.

A major challenge in the past year has been rising demand for urgent care services, which has put considerable pressure on the resources of the health system. Working closely with emergent CCGs and our providers, we have developed alternatives to Accident and Emergency such as the 'GP in a car' initiative, and improved services in Primary Care.

During the year we have also successfully reconfigured some services – Vascular Surgery, Cervical Cytology and HPV triage and test-of-cure, which have required co-ordinated commissioning across our PCTs to improve quality and deliver higher standards of patient care.

In spite of the demands on the Cluster, the financial position has remained sound. The considerable savings made under the national Quality, Innovation, Productivity and Prevention (QIPP) initiative demonstrate that we have been able to reduce costs while improving the quality of our services.

As the Black Country PCTs close, I believe the public we serve can be reassured that the quality and provision of services has been maintained and developed, while the change from existing organisations to new successor bodies has been handled well.

I believe this legacy creates a strong basis on which Clinical Commissioning Groups, the Commissioning Support Unit, NHS England and local authorities can build. Once again, I would like to say a huge thank you to all those staff who delivered this firm foundation for the future development of better services for the patients and citizens of the Black Country.

ACHIEVEMENTS

During 2012-13, the Cluster achievements included the following:

- **Vascular Services** – A centre of excellence for abdominal aortic screening and vascular surgery was set up within Dudley Group of Hospitals in the summer of 2012. There is clear international and national evidence that effective early screening and provision of vascular surgery in a single location for larger populations leads to a considerable improvement in early detection, rapid assessment and outcomes of surgery, when undertaken by consultants who have built up expertise.

- **Cervical Cytology** – A combined cervical cytology service for the Black Country was introduced, to be based at Royal Wolverhampton Hospitals NHS Trust from April 2013. Although the existing service provided across the Cluster's hospitals was already good, evidence shows a combined service can lead to improvements in quality. In this case, the addition of an HPV triage and test-of-cure service will mean earlier diagnosis and a reduction in the need for invasive treatment of cervical cancer through the use of colposcopy procedures.

- **Agewell** - Agewell provides high-quality practical help, services and support to older people in Sandwell. With the NHS reforms and the abolition of Sandwell Primary Care Trust, which had provided the service for a number of years, there was a danger these invaluable services could be lost. Agewell staff developed a proposal to establish a social enterprise to maintain and develop the services, something the Black Country PCT Cluster Board was keen to support. Sandwell PCT's engagement team, in particular, helped considerably with the change of organisation. The service is now established in its own right and, from April 2013, will receive funding from Sandwell and West Birmingham Clinical Commissioning Group.

- **Recognition** - In November 2012 Rob Bacon, Cluster Chief Executive of the Black Country Cluster, received an Honorary Degree Doctor of Science from the University of Wolverhampton. The honour came "in recognition of his exceptional leadership, and his regional and national contribution to community care and public health".

- **Awards**:

    - The Dudley Dementia team was awarded a National Carer Award at the Great West Midlands Care Awards sponsored by the Department of Health

- In November 2012 it was announced that Dudley-based Neurology Specialist Pharmacist, Dr Janine Barnes, had won the Royal Pharmaceutical Society's Clinical Pharmacist of the Year Award

- In January 2013 Dr Ian Walton from Sandwell and West Birmingham CCG was named HSJ Clinical Leader of the Year for 2012 for his work integrating Primary Care and Mental Health services

- In March 2013 it was announced that a Sandwell service providing hypnotherapy for patients with refractory irritable bowel syndrome (IBS) had won two national awards. The service secured the Best Patient Care prize at the Gastrointestinal Nursing Awards, and a British Journal of Nursing Gastrointestinal Innovation Award

THE CHANGING NHS

PRIMARY CARE

This past year has seen the NHS go through a major reorganisation nationally and locally in preparation for the changes set out in the Health and Social Care Act 2012.

A priority has been to ensure the Cluster has continued to provide its local population with high-quality patient-centred Primary Care during this transition period and in the future.

The Cluster has played a significant role in ensuring that the new system is in place and that local organisations are ready to assume their Primary Care responsibilities, working in collaboration as well as individually to meet the needs of their population.

During 2012-13 joint health and wellbeing strategies have been developed across the Cluster, based on Joint Strategic Needs Assessments. These inform local commissioning plans and priority setting for the coming year.

Local Arrangements

At the heart of the changes has been the creation of Clinical Commissioning Groups (CCGs) that will use their knowledge of the populations they serve to commission services focused on local health needs. They will bring services closer to local communities, commissioning from a range of providers, as well as working alongside Primary Care, which will be commissioned by NHS England.

Local authorities have a significant role to play in the delivery of Public Health services and also in partnership with CCGs to improve the health and wellbeing of their communities.

A Health and Wellbeing Board in each of the four Black Country boroughs will act as the locally-led forum where health and social care leaders work together to improve the health and wellbeing of their local population and to reduce health inequalities. Members will collaborate to understand local needs, agree priorities, and encourage commissioners to work in a more joined-up way. The Cluster has worked with Shadow Health and Wellbeing Boards during transition to agree terms of reference and arrangements such as meetings schedules.

Local Healthwatch organisations will take over from LINks (Local Involvement Networks) in each of the four Black Country boroughs to act as independent consumer champions and be represented on Health and Wellbeing Boards. Run by staff and volunteers, they aim to strengthen the collective voice of local people and anyone who uses health and social care services.

Commissioning Support

The Black Country Cluster wants the GP practices and other clinical professionals that make up its Clinical Commissioning Groups to be able to make the most of their clinical expertise and focus their knowledge of local health needs where it is most effective.

During the year the Cluster, therefore, worked with the shadow CCGs to provide them with specialist support in non-clinical areas that will have an impact on the quality of Primary Care provision. The Central Midlands Commissioning Support Unit will enable clinical leaders to access a range of business and management support such as communications and engagement and data management services, as and when they need it.

National Organisations

The NHS reforms have created a number of national bodies that will oversee the commissioning and delivery of Primary Care at local level.

NHS England will oversee, support, and hold to account CCGs in their commissioning activity from providers, and will itself commission Primary Care services for communities effectively and in line with national standards. It will also, through the local Area Team, directly commission specialised services for the Black Country populations. The Cluster's main link to NHS England is

through the newly formed Area Team, which covers the whole of Birmingham, Solihull and the Black Country. This will provide the opportunity for focusing on the quality of Primary Care and ensuring improved services and reduced variation.

NHS Property Services has taken over ownership and management of some Primary Care Trust property, including many GP practices and administrative buildings, to ensure a safe and well-maintained environment for Primary Care patients.

Healthwatch England, which was set up in 2012, is an independent consumer champion for health and social care in England. Through its network of local Healthwatch bodies and partners, it ensures the views of patients and other service users are heard by decision makers. It also makes sure local Healthwatch bodies share learning and experience in order to achieve consistent levels of public and patient involvement, enabling communities to have a real say in local Primary Care services.

Public Health England is the expert national Public Health agency that has responsibility for protecting health, addressing inequalities, and promoting the health and wellbeing of the nation. It incorporates the Health Protection Agency and provides specialist health protection, epidemiology and microbiology services across England. It supports local authorities (which from 1 April 2013 are responsible for public health locally) and the NHS to deliver improvements in public health, and leads responses to large-scale public health emergencies such as outbreaks of infectious diseases.

CLINICAL COMMISSIONING GROUPS

Throughout 2012-13 the Cluster has prepared and supported the emerging Clinical Commissioning Groups in its area to ensure their readiness for their new responsibilities as local commissioners of health services. At the same time, the Cluster has also worked closely with local service providers to achieve the right balance of safe, effective, and patient-focused care for its local population.

During 2012-13, the CCGs were sub-committees of the PCT Cluster. In future, they will commission the majority of local health services, working closely with local authorities to undertake Joint Strategic Needs Assessments to determine their commissioning plans.

CCG Structures

Each CCG is made up of general practices within a locality who are all members of the CCG. This will enable CCGs to be membership organisations that are truly different – clinically-led and much closer to their communities and patients.

The number of staff employed by each of the CCGs varies, depending on their size and how they choose to operate. It is up to a CCG to decide what services to carry out in-house, share, or buy in.

The CCGs are all required to have a governing body overseeing governance, constitutional and operational arrangements, which must have a Chair, Accountable Officer and Finance Officer. During the year, CCGs have made appointments to these and to various other roles, depending on the agreed design of their supporting organisational structure.

CCG Development

The Cluster has been able to draw on guidance from the Department of Health on developing Clinical Commissioning Groups, from achieving initial authorisation to creating responsive and accountable CCGs ready to commission healthcare services to meet the needs of their local population.

The four CCGs within the Cluster area are:

- Dudley
- Sandwell and West Birmingham (SWB)
- Walsall
- Wolverhampton.

The CCGs are committed to involving all member practices in their commissioning agenda and engaging fully with their patients, carers and the wider public.

Patients are at the heart of everything the CCGs do. By working closely with patients, carers and the public they aim to improve the health of their local population.

They recognise the merits of joined-up working and are committed to working with key partners such as third sector organisations, local authorities, local NHS acute trusts, community providers, and each other.

DUDLEY CCG

Dudley Clinical Commissioning Group (CCG) was formed as a first wave CCG in 2010 and formally authorised on 1 April 2013.

Its vision is to promote good health and ensure high-quality health services for the people of Dudley. A key maxim for Dudley CCG members is, 'would I be happy for a member of my family to be treated like this?'. If the answer is no, they are committed to working to change that.

Structure

Dudley CCG is made up of all the GP practices in the Dudley metropolitan borough. Ten elected GPs form the core of the CCG Board, its governing body. Working with these GPs are, among others, lay members, the Chief Executive of Dudley Metropolitan Borough Council and a senior management team.

Priorities

During 2012-13, the CCG consulted with members, partners, patient groups and the public, including through:

- face-to-face interaction at member events
- public and partner events such as Nothing About You Without You - Thinking Differently
- existing communication with practices
- development sessions of Dudley Health and Wellbeing Board.

The CCG Board reviewed people's views along with health intelligence from the Joint Strategic Needs Assessment (JSNA) and data on local disease outcomes and service quality.

Three key commissioning objectives emerged:

- to address health inequalities in Dudley
- to ensure that local services deliver the best possible outcomes for the whole population
- to improve the quality and safety of services locally.

Dudley CCG has identified the following priorities to address the most urgent issues linked to achieving the three objectives:

Children's services Reducing childhood obesity (from 763 Year 6 children)	**Improving Urgent Care** Reducing trend in emergency inpatient admissions (currently rising by 2.5 per cent per year)	**Primary Care mental health** Improving care for the one in four Dudley people with self-reported poor mental health	**Improving care for older people** Reducing safeguarding incidents Reducing pressure ulcers	**Improving Diabetes services** Reducing the levels of undetected diabetics
Improving access to Cardiology Reducing cardiovascular disease mortality	**Ophthalmology pathway** Improving access to ophthalmology services	**Improving Stroke care** Reducing mortality rate from stroke	**Community nursing services** Improving care to people with limiting long-term illness, health problem or disability	**Alcohol service** Reducing emergency admissions linked to alcohol from 209.5 per 100,000
Primary Care strategy Reducing unwarranted variation in		**Prioritisation of resources** Improving productivity to achieve financial		

performance	sustainability

Local quality indicators are improving:

- diagnosis rate for dementia
- diagnosis and treatment for atrial fibrillation
- diagnosis rate for hypertension.

Quality and Safety

The CCG is working with partners to increase awareness of safety to improve patient care and reduce costs by avoiding complications and facilitating an earlier return to full health. Clinical Quality Review Meetings with providers have been revitalised using the principles in the Burdett Board Development Programme report ‘Sustaining quality during turbulent times’, with the instigation of a clinician as Chair.

There is a renewed focus on the impact systems and processes have on improved patient care. The CCG is in regular contact with providers to review Serious Untoward Incidents and ensure that lessons are learnt and practices changed where necessary.

Key measures for improving quality and safety are to reduce:

- incidence of pressure ulcers
- incidence of Healthcare-Associated Infections
- number of adverse events.

Working with Partners

To redesign services in response to changing patient needs, deliver high-quality care and improve population health, Dudley CCG works towards common goals with:

- providers, including the Dudley Group of Hospitals NHS Foundation Trust
- partners, including the local council.

The Dudley Health and Wellbeing Board strategy offers the basis for developing integrated services.

Dudley CCG is committed to the principle of 'no decision about me, without me'. It communicates its work plans and listens to the views of the public, patients, families and communities in various ways, including through social media. It gathers information from national surveys, data analysis, incident reporting and other sources to evaluate the impact of service changes and gather suggestions for improvements.

High-Quality Primary Care

To deliver integrated, patient-focused care, the CCG is:

- developing a Primary Care strategy
- addressing variation in service quality through a locally developed practice performance dashboard
- working directly with practices through its practice mentoring programme and the GP engagement lead (a co-opted Board member) to ensure exemplary safety and quality
- broadening services by drawing on specific expertise and local health knowledge among member practices.

SANDWELL AND WEST BIRMINGHAM CCG

Sandwell and West Birmingham Clinical Commissioning Group (SWB CCG) is a clinically led membership organisation involving 110 GP practices serving patients across the Sandwell and west Birmingham area.

The organisation was authorised as a wave one CCG by the NHS Commissioning Board (now NHS England) on 5 December 2012 and took on the full range of its statutory duties on 1 April 2013.

Many of Sandwell and West Birmingham's GP members and staff have worked in the area for a long time and understand that, in order to make big improvements in health, the CCG needs to be driven locally by the people it serves.

The CCG has its own unique challenges. West Birmingham has been ranked the tenth most deprived local authority area in England, with a 68 per cent Black and Minority Ethnic (BME) population, while Sandwell is ranked the twelfth most deprived local authority in England, with a BME population of approximately 20 per cent.

As a result, the CCG's starting point when defining its commissioning priorities is the needs of local people. Sandwell and West Birmingham has begun the task of engaging with communities in its area. Working with colleagues in Public Health, it has assessed the health needs of its population and produced health profiles at practice, Local Commissioning Group (LCG) and CCG level. This process has given the CCG a much better understanding of the diversity of communities within its area, and the specific needs of those communities. Its response will be rooted in this understanding.

Three of the local priorities identified during the health needs assessment process are in the following areas:

- Urgent Care
- Child health and Safeguarding
- Long-term conditions.

These are consistent with the health and wellbeing strategies for Birmingham City Council and Sandwell Metropolitan Borough Council.

The CCG has worked hard with its member practices and a wide range of stakeholders to develop an understanding of the organisation's key challenges going forward.

It has also made great efforts to raise its profile with partners and stakeholders. This has resulted in Sandwell and West Birmingham being entrusted to take lead and co-ordinating responsibilities for the commissioning of West Midlands Ambulance Service across the whole of the West Midlands. The CCG is doing the same for NHS 111, and is also leading on Stroke reconfiguration across Birmingham and Solihull and has a co-ordinating role for Urgent Care across the Black Country.

Some of the CCG's other achievements during 2012-13 include:

- Reduction in A&E attendance by six per cent with GP engagement
- Promotion of effective medicines management
- Good examples of single-handed GPs working together
- Defining agreed patient experience standards
- End-of-life pilot - being rolled out across the CCG
- Dermatology – reductions in hospital attendances
- Improved access – radiography available in the community
- Award-winning patient consultation processes
- Hospital mortality levels within expected rates at Sandwell and West Birmingham Hospitals Trust (SWBHT)
- SWBHT best in group for clinical effectiveness against Procedures of Limited Clinical Value, good day case rates, and efficient outpatient follow-up (Dr Foster Hospital Guide).

The success of the CCG in planning and delivering its commissioning intentions, rests firmly on the involvement and engagement of its five Local Commissioning Groups and constituent member practices, patients, the public and stakeholders. One important partnership in which the CCG plays an integral role is ‘Right Care, Right Here’. For more than 10 years the NHS locally has worked through Right Care, Right Here to transform and improve healthcare for patients across the Sandwell and west Birmingham area.

As of 1 April 2013 the CCG is responsible for designing and commissioning local health services including:

- Urgent and emergency care (including accident and emergency)
- Hospital services
- Community healthcare services and rehabilitation services
- Mental health and learning disability services
- Children’s services
- Continuing healthcare for people with long-term conditions and complex needs
- Maternity and fertility services
- Wheelchair services, home oxygen, and treatment of infectious diseases.

Through 2013-14 the CCG will continue to develop and deliver on its commissioning intentions. It will work in partnership with other public services, patients, and communities to ensure it delivers seamless healthcare without boundaries.

WALSALL CCG

Walsall Clinical Commissioning Group (CCG) achieved formal authorisation with no conditions, and is now aiming to channel its strengths to fulfil its vision, values and principles.

The CCG's 63 member practices cover localities across Walsall, with a registered population of 269,732.

Achievements in 2012-13

During its development Walsall CCG has already made significant progress, with specific achievements including:

- the development of the GP Consultative Assembly (the membership of the CCG consisting of GPs and practice staff)
- further development of Patient Reference Groups (PRGs) through a PRG Chairs' training programme
- significant reduction in grade 3 and 4 pressure ulcers across the health economy
- improved quality outcomes in care homes with the Wraparound pilot with access to GPs.

Communicating the CCG's Vision

Walsall CCG is committed to working in partnership to achieve health and wellbeing improvements for the people of Walsall.

The organisation intends to continuously communicate its vision, values and principles. For instance, during 2012-13 it held a number of consultation and engagement events with patients, members of the public and stakeholders.

One of its core operating principles is to bring the "intelligence from the consultation rooms of practice members into the decision-making process and commissioning cycle". Another is to use a variety of patient and public forums to capture timely and robust data. Innovation is a key value, and the CCG strives to make the best use of all new technology.

Structure

Walsall CCG has a strong staff structure in place for effective delivery of its responsibilities and aims. The CCG has been supported from its initial start-up in March 2011 by a governing body that includes a Clinical Chair, an Accountable Officer, Chief

Finance Officer, Executive Director Social Care and Inclusion, Clinical Chairs and Deputy Chairs representing its four localities, a Secondary Care Consultant, Lead Nurse, Strategic Lead for Integrated Governance and Organisational Development, Strategic Lead for Service Transformation and Redesign, and the Director of Public Health. It has also recruited three lay members to the governing body, specifically to support patient and public involvement, service transformation and redesign (STaR) groups, and audit and governance.

Priorities

The Walsall CCG Integrated Plan sets out the priorities for the year ahead and beyond.

By 2016 the CCG aims to have:

- contributed effectively to the delivery of the strategic aims and goals of the local health and wellbeing strategy
- reduced health inequalities and maintained recent improvements in life expectancy
- established local population approaches to commissioning (not commissioning based on 'one size fits all')
- a vibrant third sector that more actively supports and engages with health and social care in Walsall
- commissioned high-quality services that have contributed to improved outcomes
- empowered patients by giving them greater access to personalised commissioning budgets, telehealth and telecare.

Wider ongoing aims include:

- ensuring a health economy approach to mortality
- assisting and supporting NHS England in securing continuous improvement in the quality of Primary Care
- implementing recommendations from the Francis report on the Mid Staffordshire Inquiry
- consistently hearing the voice of the patient.

Measuring Performance

During 2012-13 the organisation made preparations to measure its 2013-14 performance as well as identifying priority areas.

These measures will:

- provide the CCG with early intelligence on what is coming, for example by using the CCG Outcome Indicator Set
- identify accountability for all the CCG outcome indicators and align these to service transformation and redesign (STaR) groups and programme boards.

Quality Assurance
The organisation must assure itself of the quality of the services it commissions as a CCG. During 2012-13 Walsall CCG strengthened mechanisms to support quality assurance, including:

- a quality dashboard
- monthly clinical quality review meetings
- developing strong links with the local authority, Care Quality Commission and new Area Team
- a safety, quality and performance committee
- quality metrics within the contractual framework
- the Appreciative Inquiry organisational development model, which focuses on increasing good practice from providers.

Partnerships
Walsall CCG values its partnerships and will continue to form new ones to ensure there is a holistic approach to improving the health and wellbeing of the local population.

The organisation has already begun to build a strong relationship with its patients through Healthwatch, MyNHS Walsall, and Patient Reference Groups in practices.

It also has joint clinical forums with Walsall Healthcare NHS Trust and the Walsall and Dudley Mental Health Partnership NHS Trust, and strong partnerships with Walsall Council and the Walsall Health and Wellbeing Board.

WOLVERHAMPTON CITY CCG

Wolverhampton City Clinical Commissioning Group comprises 52 GP practices in the city, with a registered population of 249,000.

Wolverhampton is a relatively small but diverse city, having generally poorer health than the average for England. With a stark gap in life expectancy of 7.8 years between the least and the most deprived parts of the city, coupled with having a large proportion of Black and Minority Ethnic (BME) residents (35.5 per cent), Wolverhampton City CCG has many challenges to overcome in order to improve health and care for all and ensure everyone has a say in how their local NHS is run.

Wolverhampton City CCG received authorisation in February 2013. This followed a year of intense development including a survey of key stakeholders, the findings of which are helping build partnerships to deliver success.

Providing Assurance

Authorisation in February 2013 came with four conditions. These are areas where the CCG needs to continue to provide assurance that it is making progress, under particular scrutiny from NHS England.

The areas include engagement with members, and plans for services it buys and monitors. The CCG has already made considerable progress in these areas and, with robust plans now in place, it expects the conditions to be removed in the early part of 2013-14.

Vision

Wolverhampton City CCG's overarching vision of fairer, more local and more integrated care is summarised by its vision statement:

"We are working to make sure you get the best care in the right place and at the right time. In the future, health and social care will be seamless, meaning you only have to tell your story once. It is our aim for everyone, wherever they live in Wolverhampton, to live a longer, healthier life."

Structure

In addition to a governing body comprising clinically-elected local GPs, the CCG directly employs a team of 55 expert commissioning and support staff.

Priorities

As well as the national priorities that are set out in the NHS Operating Framework, the organisation has determined three local priorities:

- to reform the urgent care system to ensure care is provided in the most appropriate setting
- to improve detection rates and improve care for dementia patients
- to support more patients to manage their diabetes through a personal care plan.

Setting out these priorities does not mean they are all that the CCG will focus on – it remains committed to improving care for all, regardless of age or illness. What it does mean is that the CCG can focus its energies on making the big improvements that make a difference to lots of people and that also help keep the NHS on a sustainable financial footing.

Involving Public and Patients

Wolverhampton City CCG has created a range of ways for people to get involved with their local NHS:

- Its Patient Partners membership scheme allows patients to sign up to receive information on issues of most interest to them. Members can choose to take part in local events, feeding back their views to shape decisions
- Wolverhampton City has 35 Patient Participation Groups of local patients who can help the 54 GP practices make decisions, but also look at plans affecting services in the wider area. All patients are free to join
- As part of the CCG's ethos is to engage with communities on their terms, it identifies and reaches out to the city's diverse communities, attending their meetings and the places they convene. Twice yearly the CCG will host a city-wide Community Partners meeting to test its plans and priorities and work through areas of consensus and disagreement
- The CCG uses a range of surveys, social media such as Twitter and Facebook, and its website to gain people's views and promote other ways they can have their say
- The CCG's lay advisor, Chair and other representatives also attend selected Patient Participation Groups and Local Neighbourhood Partnerships, reaching local people in discrete areas of the city.

NHS CENTRAL MIDLANDS COMMISSIONING SUPPORT UNIT

As local commissioners of health services, Clinical Commissioning Groups (CCGs) will carry the responsibility of commissioning safe, high-quality, cost-effective health services for the population across England.

Organisations called Commissioning Support Units (CSUs) have been created to assist CCGs with their responsibilities. CSUs provide access to a range of high-quality business and management support services to help CCGs respond to their population's needs.

Central Midlands Commissioning Support Unit provides expert support to local CCGs. Its vision is that it will enable commissioners to improve the health of the population they serve and transform their patients' experience of health services.

The Central Midlands CSU wants to support commissioners to make the most of their clinical expertise and in-depth understanding of local communities to meet the challenges faced by the NHS in the coming years.

It focuses on support services that demonstrate high quality and value for money, while retaining local flexibility and sensitivity. It is committed to developing a high-performing organisation, underpinned by a sound business model, to provide support across the whole commissioning cycle.

CCGs have been instrumental in the design of the Central Midlands CSU from the very start, and they are clear that the success of the CSU should be measured by how successful they are in achieving their aim to improve the health of their local population. The CSU is clear about the strategic importance of its CCG customers to the long-term viability of the CSU and it will do everything it can to ensure those customers are satisfied with its support to them.

The Central Midlands CSU is an organisation built on experience, and that has shaped its overarching ethos. It is also the thread running through its core values, which are:

- quality matters – improving the experience for the patient
- adding value – by using the experience of its staff
- great place to work – for its staff in developing their skills and expertise.

There is also real focus on its three customer value propositions that ensure an innovative and quality service:

- innovation
- excellent staff
- value for excellence.

NHS ENGLAND BIRMINGHAM, SOLIHULL AND BLACK COUNTRY AREA TEAM

During 2012-13, NHS England established the Birmingham, Solihull and Black Country Area Team to support the work of NHS England, and lead creation of the new commissioning arrangements in conjunction with local partners through Health and Wellbeing Boards.

NHS England is responsible for directly commissioning military healthcare, highly specialised services, prison health services, Primary Care and some Public Health services for Birmingham, Solihull and the Black Country. This equates to £1bn worth of healthcare services.

The Area Team is one of eight in the Midlands and East region. Through teams like this across the country, NHS England will play a significant role in supporting and facilitating Clinical Commissioning Groups (CCGs) to realise their full potential. NHS England will also hold CCGs to account for the delivery of the NHS Constitution and Mandate.

Meeting the NHS Mandate

NHS England is required to pursue objectives set out in the NHS Mandate, and is also expected to safeguard, uphold and promote the NHS Constitution.

The first NHS Mandate was published in November 2012, outlining nationwide ambitions for the health service from April 2013 to March 2015. Through the Mandate, the NHS will be measured by how well it achieves the things that really matter to people. The Mandate is also intended to provide the NHS with more stability to plan ahead and ensure the health service remains comprehensive and universal.

Following consultation with the public, health professionals and key organisations, the NHS Mandate is structured around five key areas where the Government expects NHS England to make improvements. These are:

- preventing people from dying prematurely
- enhancing quality of life for people with long-term conditions
- helping people to recover from episodes of ill health or following injury
- ensuring that people have a positive experience of care
- treating and caring for people in a safe environment and protecting them from avoidable harm.

The Mandate is intended to play a vital role in setting the strategic direction of NHS England. The Mandate, along with the NHS Constitution, will form the basis of the CCG assurance framework, which NHS England will use to gain assurance for the CCGs in the Black Country.

Area Team Core Functions

The Area Team is one of 10 specialised commissioning hubs nationwide. It also shares the same core functions as other Area Teams, with responsibility for:

- CCG development and assurance
- emergency planning, resilience and response
- quality and safety
- partnerships
- configuration
- system oversight.

In addition, all Area Teams will have direct commissioning responsibilities for GP services, dental services, pharmacy and optometry services. The Area Team also commissions Public Health services for children under five, and vaccination and immunisation.

Area Team Staffing

Members of the Area Team for the Black Country, Birmingham and Solihull are mostly based at St Chads Court in Birmingham. Senior members of the Area Team are:

- Area Director - Wendy Saviour
- Nursing and Quality Director - Fay Baillie
- Medical Director – Vacant as at 1 April 2013
- Commissioning Director - Karen Helliwell
- Operations and Delivery Director - Les Williams
- Finance Director - Alison Taylor.

PUBLIC HEALTH – THE MOVE TO LOCAL AUTHORITIES

Preparations for the new Public Health system have been an important element of the Cluster's work throughout 2012-13.

Under the new system local authorities have become responsible for the commissioning of most Public Health services, and take the lead for improving health and wellbeing, co-ordinating efforts to protect the public's health, and ensuring health services promote population health.

This is intended to ensure the Public Health agenda influences other local authority policy areas such as housing, economic development, education and community safety.

There are some services, such as immunisation and vaccination, other screening services, and child health up to age five that are commissioned by NHS England.

On a national level, Public Health England will deliver services, including health protection, provide information and intelligence and support Public Health workforce development.

Transition Arrangements

Public Health Transition Boards helped shape detailed transition plans in consultation with trade unions and staff representatives, which were signed off by local authority chief executives.

During the year there was a further expansion of joint working arrangements between the NHS and local authorities, and details for the transfer of staff and services from PCTs to councils were finalised. This meant relevant teams were already able to work together to shape improvements for the future.

The Cluster has supported its local authorities to develop a vision and structure for their new Public Health function, and encouraged dialogue with a range of partners.

Future Public Health Responsibilities

Local authority Public Health teams, each led by a Director of Public Health, have ring-fenced budgets, enabling them to develop holistic health and wellbeing approaches that embrace the full range of local services, including social care, housing, leisure, transport and employment.

The new legislative duty for local authorities to improve population health will require them to directly commission Public Health services and to work with Clinical Commissioning Groups and NHS England to integrate services.

They will also be expected to provide Public Health advice to NHS commissioners such as Clinical Commissioning Groups (CCGs).

PUBLIC HEALTH – THE BLACK COUNTRY

During 2012-13 the four localities continued to focus on improving the health and wellbeing of their population while preparing to transfer Public Health responsibilities and teams to local authorities.

DUDLEY

The aim of Public Health in Dudley is to improve the health and wellbeing of local people and widen access to services that promote good health and independence. Dudley is continually building upon the good work that has already been carried out in the local community and is actively encouraging people to be proactive and contribute to their own health.

Engagement Activities

Dudley Public Health strives to engage with local people and has provided more funding for health improvement activities, such as lifestyle changes that support people in staying healthy. It has offered sessions and talks to people in easily accessible places such as community centres, and provided advice and information to enhance wellbeing, often through health fairs.

It will continue to help people improve their quality of life by engaging with communities, improving patient experience, and supporting people to improve their own health.

Achievements in 2012-13

- Public Health in Dudley helped around, 5,000 smokers to quit and increased the quit rate to 53 per cent. There was also an increase in referrals within the hospital service from 209 in the previous year to 726.
- More than 2,600 young people received tobacco education through the Resistance programme, and a further 172 were involved in the Kick Ash project.
- Dudley helped 9,301 people lose weight through referral to its free weight management programmes.
- Vascular health checks were more widely available, with 8,874 people over 40 having checks during the year. They were offered in pharmacies and local venues and a website was created to provide further information.
- The number of Healthy Living Pharmacies was increased to 21.
- Working in partnership with Dudley schools, the Healthy Schools Programme developed whole-school approaches in emotional health and wellbeing, obesity prevention, and sex and relationships.
- The Self-Management Programme delivered more than 550 course places to people living with long-term health conditions.
- Through delivered sessions and services, the Dudley Healthy Towns programme increased participation across the five Healthy Hub sites by more than 15 per cent, despite the wettest year on record.
- The Life is Precious Cancer Arts in Health project, which used a creative arts approach to engage local people from Black and Minority Ethnic communities and raise their awareness of cancer prevention, was identified as an example of best practice by the NHS Cervical Screening Programme 2012 Annual Review.

- There are 38 schools actively involved in the Food Dudes programme. Last year in primary schools fruit consumption increased by 95 per cent, and vegetable consumption by 114 per cent. There was also a reduction in the consumption of high-fat and sugary snacks of 22 per cent.
- Through successful and effective partnership working with social care and secondary care, teenage pregnancy rates have reduced by 14 per cent. This is the fourth year running there has been a downward trend.

Reducing Infection

Reducing the burden of infection to healthcare facilities and processes remains an important Public Health objective for Dudley. The Department of Health objectives for MRSA and Clostridium difficile were both achieved within the local population during the year.

The Tuberculosis nursing service continued to provide high-quality care to people diagnosed with TB, their contacts and carers, resulting in a 20 per cent reduction in TB notifications.

Uptake of the flu vaccine by people over 65 was the highest in the Black Country and the number of under-65s with a medical condition and pregnant women receiving flu jabs was above the national average.

An MMR vaccine uptake of 96.3 per cent at age two years and 89.4 per cent at age five years was achieved (Sept – Dec 2012 figures).

Winter Deaths

An initiative to reduce the number of winter deaths helped more than 500 households to stay warm during the winter. People with existing medical conditions are especially at risk from sitting or sleeping in cold rooms. With funding from the Department of Health and the Department of Energy and Climate Change, Dudley's winter warmth hub provided residents with practical help and

assistance, including energy advice, support with tariff switching, emergency heaters and blankets, repairs to and replacement of boilers and gas fires, and insulation.

SANDWELL

Efforts to address health inequalities in Sandwell – the 12th most deprived local council area in England - resulted in life expectancy improving faster than the national rate.

Evaluation as part of the legacy handover found that a consistent programme of Public Health measures aimed at tackling health inequality in the borough since 2007 had made significant improvements. Early deaths from cardiovascular disease, coronary heart disease, and stroke had all fallen in people under the age of 75, resulting in 248 extra lives being saved in Sandwell each year.

This was mainly down to the fall in cardiovascular deaths due to targeted Primary Care, reduced smoking, increased lifestyle services, and better immediate care following heart attacks.

Other achievements have included:

- teenage pregnancies reduced at a faster rate than the national average, with 100 fewer teenage pregnancies a year now than in 1998
- a substantial fall in Healthcare-Associated Infection. MRSA has been virtually wiped out and C difficile (and related deaths) reduced every year
- childhood immunisation rates have reached 90 per cent plus for the first time in many years, with pre-school immunisations at 90 per cent, and primary school at 95 per cent
- a reduction in drug-related burglaries by more than 5,000 since 2004
- a fall by one fifth of deaths from fractured hips over the past five years
- a doubling of the number of people receiving interventions for alcohol problems, resulting in a slowing down of the rise in alcohol-related hospital admissions
- a 10 per cent improvement in breastfeeding uptake.

This high level of achievement was due to consistent attention to health problems and strategic investment.

During 2012-13 Sandwell continued to develop its expertise in health protection, health improvement, and health and social care services policy and evaluation.

Local initiatives included health trainers - people based in GP practices and community centres to offer practical support in helping residents develop healthier lifestyles, such as stopping smoking, weight management, and reducing alcohol consumption. They also provided health checks in the workplace and at community events.

Sandwell continued to run Active Boost, a year-long family-based programme for children classified as being overweight, which included fun guidance and activities.

The Stop Smoking services have been offered at various locations across the borough, providing free advice and support through drop-in clinics, one-to-one sessions and home visits for people who are housebound or pregnant. The services have brought in record numbers of quitters, contributing to better health for Sandwell people and more money in their pocket.

Over the past year Sandwell Council continued to make substantial contributions to the health improvement agenda. Following the move of Public Health to the local authority, the intention is to vigorously pursue integrated working to achieve better health, educational, social, environmental, and economic outcomes for the people of Sandwell and, in particular, to further close the inequalities gap.

WALSALL

Along with Walsall Council, Walsall Public Health undertook a survey to understand local people's health and lifestyle choices, using findings to plan improvements to services and fill critical gaps in understanding.

With more than half the population being overweight or obese, the survey found that only an eighth eat five portions of fruit and vegetables daily and only a sixth do the recommended amount of physical activity.

Lifestyle Choices

Walsall has commissioned and supports:

- a maternal/early years programme to support obese pregnant women and their families to eat healthily and increase their physical activity
- Food Dudes programme at primary schools/nurseries to increase children's consumption of fruit and vegetables
- weight management programmes for children and adults
- free physical activity classes and discounted gym memberships
- an active travel programme for schools
- an incentive scheme to encourage the inactive to become more physically active.

Partnership working includes Walsall Healthcare NHS Trust, local authority sports and leisure, transport and regeneration services, GPs, schools, nurseries and children's centres.

Police and fire service partners helped develop a tobacco control plan to encourage smokers to quit and stop young people from starting. Stop Smoking Services changed to make it easier for people to get support.

Key Achievements in 2012-2013

- 11,296 children accessed free swimming.
- A successful pilot in two leisure centres means healthy vending is being introduced into all leisure centres in Walsall.
- Sunbeds are being removed from all leisure centres.
- 12 per cent increase in uptake of breastfeeding at 6-8 weeks post-birth.
- More than 3,000 people accessed adult weight management programmes, with 35 per cent achieving five per cent weight loss.
- More than 650 children accessed weight management programmes.
- Nearly 2,000 people participated in organised walks around Walsall.
- 5,000 smokers accessed Stop Smoking Services and 2,506 successfully quit smoking at four weeks.
- 70 per cent of children aged 12 years are free from dental decay.
- More than 95 per cent of children in Walsall have had all their childhood vaccines.
- Food Dudes healthy eating programme rolled out to half of the primary and special schools and now being rolled out to nurseries.

- NHS Health Checks offered to 15,002 people, of those 8,825 people received an NHS Health Check.
- Successful roll-out to frontline staff of *Making Every Contact Count* in the two main healthcare trusts, local authority, Walsall Housing Group, fire service and Citizens Advice Bureau, to offer healthy lifestyle advice and signpost people to specialist services.
- In the top quartile for successful completion of opiate and crack cocaine drug treatment (14.6 per cent), planned exits from drug treatment (51 per cent) and reduction of representations into drug treatment.
- Consistently achieved West Midlands Police targeted testing on arrest indicator.
- Stopped the rise in admissions to hospital with an alcohol-specific diagnosis and 73 per cent of exits from alcohol treatment were planned.

Tackling Inequalities

Initiatives to tackle inequalities include:

- The Healthy Workplace Programme, helping local companies to improve the health and wellbeing of their employees
- Providing unemployed people who suffer/have suffered from mental health issues with a six-month work placement with training and further support
- The Warm and Healthy Homes Programme joint initiative with Walsall Council
- Joint initiative between Public Health and Walsall Council's Housing Standards department for measures to improve warmth and safety in people's homes (>700 referrals within three days)
- A health bus that travelled into disadvantaged areas in Walsall led to 260 health checks being completed (jointly with Walsall Housing Group)
- Continuing to offer an independent outreach service providing people in deprived areas with advice on issues including welfare benefits, debt, housing, employment and education. The service operates from GP practices aiming to ensure patients affected are booked onto advice sessions.

A New Opportunities in Walsall programme enables previously long-term unemployed people living in deprived areas to take up employment as Community Champions to support other local residents, with some leading on specific areas such as men's health.

Public Health support has been provided to help Area Partnerships, bringing together local people to identify and tackle the key health and wellbeing determinants.

Sexual Health

Walsall has integrated its community and acute sexual health services into a single service. During 2012-13, it:

- continued implementing the national chlamydia screening programme, achieving target with more than 10,000 screens last year
- launched Love Safe, a website providing advice and support for young people
- relaunched a condom distribution scheme.

WOLVERHAMPTON

During 2012-13 a core offer and accompanying work plan was agreed between Public Health and Wolverhampton City Clinical Commissioning Group (CCG), to start in April 2013.

The plan includes:

- attendance at key CCG meetings to provide Public Health advice
- updated analysis of available data for all outcomes on the NHS Outcome Framework
- outcome briefings for 13 long-term conditions, including needs and equity profiles, evidence base review, service provision map and identification of gaps.

Elements of this work contribute to the Joint Strategic Needs Assessment, joint Health and Wellbeing Strategy and the CCG's Long-Term Conditions Strategy.

Children's Health

During 2012, a total of 96 per cent of children in reception and year six were measured under the National Child Measurement Programme (NCMP).

Initiatives were introduced or are being developed to address childhood obesity levels, which were significantly higher than national and regional levels in 2010-11.

These include:

- Wolfie's Workout physical activity intervention, rolled out to all schools
- a review of child weight management services
- pilot services, including Weight Watchers for age 11+ and Families for Health programme
- social marketing to support a new child weight management model
- weight management interventions for families with children on the child protection register or identified as children in need.

Health Checks

Wolverhampton continued to roll out the NHS Health Check Programme during 2012-13 to embed the system. Activity is expected to reach target levels in 2013-14.

There is more streamlined access to the redesigned Royal Wolverhampton NHS Trust's healthy lifestyle services, which now incorporate a co-ordination role to ensure systematic invitation of GP patients.

The Making Every Contact Count (MECC) initiative has led to new sources of referrals.

Specialist health trainer roles in physical activity, weight management, smoking, alcohol and pregnancy have been developed, making a particularly successful contribution to alcohol pathway work.

Sexual Health

During 2012-13 non-recurring funds helped speed up the integration of the Contraception and Sexual Health Service (CASH) and Genito-Urinary Medicine (GUM) services into a comprehensive service with a dual–trained workforce and integrated electronic systems.

CASH and GUM have contributed to the development of a national tariff for sexual health services, and findings from this are expected to be applied to services later in 2013. The CASH service underwent a planned Quality Visit in December 2012, and an action plan was developed as a result.

In the past year 12 Primary Care clinicians trained for sexual health qualifications, enabling more patients to receive high-quality contraception services from their GP practice.

A number of services have been newly commissioned, some through joint procurement. These include:

- a new prevention, early testing and social care support service for people with HIV - awarded to the Terrence Higgins Trust - which it is hoped will address the issue of late HIV diagnoses across the city
- point of care testing, commissioned for the first time with input from GUM and microbiology services
- the core chlamydia programme, awarded to Brook
- lab services, awarded to the Royal Wolverhampton NHS Trust.

To address a lack of knowledge of sexual health services among young people, identified by the 2012 Health-Related Behaviour Survey, a comprehensive directory of local services is being developed. This will be available on the Wolverhampton Wellbeing website, supported by posters distributed to key venues across the city and information offered through pharmacists.

Alcohol and Drug Misuse

Wolverhampton continues to be a national outlier for alcohol-related deaths, although alcohol-related admissions compare favourably with similar local authority areas.

During the year new alcohol treatment services were fully implemented, based on a strategic initiative the previous year.

In partnership with Wolverhampton City Council an integrated, recovery-focused drug and alcohol service model was developed, to be delivered by a new service provider from April 2013.

PERFORMANCE HEADLINES

Key National Performance Standards

Below is a summary of the PCT Cluster and individual PCTs' performance against key national performance standards during 2012-13:

Referral to Treatment Within 18 Weeks

All Trusts and PCTs within the Black Country PCT Cluster met all three referral-to-treatment targets for patients to be treated within 18 weeks, whether waiting for admission or to be seen in outpatient clinics. (It may be, however, that Trusts did not fully meet the targets for all specialities).

Cancer Targets

All Trusts within the PCT Cluster achieved all nine cancer targets for each of the four quarters of 2012-13.

Healthcare-Associated Infections – MRSA and Clostridium Difficile

With the exception of two Trusts, both of which marginally exceeded their target levels for MRSA Bacteraemia by one case each, all other provider organisations within the PCT Cluster fell below their target. All provider organisations within the PCT Cluster significantly overachieved against their target for reducing Clostridium difficile during 2012-13.

Dudley PCT

- During 2012-13 at Dudley PCT the percentage of admitted patients seen within 18 weeks of referral was 94.7 per cent - above the 90 per cent target - and for non-admitted patients it was 99.1 per cent, again, above the 95 per cent threshold.

- For healthcare-associated infections, the PCT was below its target of 138 for Clostridium difficile, with 106 infections reported. For MRSA Bacteraemia, the PCT was again below its threshold of three, with two infections reported for 2012/13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved its target of 93 per cent, with an actual figure of 96.3 per cent.

Sandwell PCT

- For Sandwell PCT, the percentage of admitted patients seen within 18 weeks of referral was 94.2 per cent – higher than the 90 per cent target – while for non-admitted patients, the figure was 98.8 per cent, with a target of 95 per cent.

- For healthcare-associated infections, the PCT was below its target threshold of 128 for Clostridium difficile, with 83 infections reported. For MRSA Bacteraemia, the PCT was above its threshold of five with seven infections reported for 2012-13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT achieved its target of 93 per cent, with an actual figure of 95.5 per cent.

Walsall PCT

- At Walsall PCT the percentage of admitted patients seen within 18 weeks of referral was 91.6 per cent - above the 90 per cent threshold - and for non-admitted patients the figure was 99.3 per cent against the target of 95 per cent.

- For healthcare-associated infections, the PCT was below its target of 110 for Clostridium difficile, with 47 infections reported. For MRSA Bacteraemia, the PCT hit the top of its threshold of six for 2012-13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT exceeded its target of 93 per cent to reach a total of 95.5 per cent.

Wolverhampton PCT

- For Wolverhampton PCT, the percentage of admitted patients seen within 18 weeks of referral was 93.1 per cent, which was above the 90 per cent target. For non-admitted patients the figure was 98.2 per cent against a target of 95 per cent.

- For healthcare-associated infections, the PCT had 67 Clostridium difficile infections reported, which was below its target of 80. For MRSA Bacteraemia, the PCT hit the top of its threshold of two for 2012-13.

- For patients seen within two weeks of an urgent referral for suspected cancer, the PCT exceeded its target of 93 per cent with a figure of 94.1 per cent.

Primary Care

Primary Care is the term for health services that act as a first point of consultation for NHS patients. Most people's contact with the NHS is through their GP, and around 99 per cent of the population is registered with a family doctor. Alongside other primary and community clinicians, GP practices play a crucial role in co-ordinating NHS care and helping patients access the services they need.

During the year the individual Primary Care teams supporting the commissioning and monitoring of a range of Primary Care services from GP practices, dentists, pharmacists and optometrists, worked closely together to ensure that services provided were accessible and responsive to the needs of local patients.

Key highlights of the year across the Black Country Cluster included:

Dental Services

- **Special Needs Dental Services Wolverhampton**
  In 2012-13 Wolverhampton PCT reconfigured a new special needs service through the community dental contract.

- **Dental Access Practices**
  It was another successful year for the Wolverhampton personal dental services access practices located in Bilston and Wednesfield. Investment has been made to ensure the availability of NHS dental services to new NHS patients, including extended opening hours, and the provision of emergency care and home visits. In 2012-13 a total of 3,104 new NHS patients were seen.

- **Social Media Campaign - Black Country Cluster**
  A dental access campaign was rolled out across the Black Country Cluster. It included advertising on buses, the Metro, pharmacy bags, and beer mats. The campaign ran for four weeks across areas of Dudley, Sandwell, Walsall and Wolverhampton. The main driver for the initiative was to inform patients of NHS dental services available to them and to target patients who have not used dental services for two years or more. Improving access for this latter group is a key area

for the Department of Health, and the campaign helped deliver an increase in numbers of new patients in the Black Country Cluster.

- **Dental Contract Monitoring Tool**
  A new high-function monitoring tool was developed by the Dental team in the Black Country to support managers to measure and report the performance of dental practices in the Cluster. The content within the tool differed from previous years and was developed to ensure consistency within the Care Quality Commission (CQC) domains. As with recent years all dental contractors were visited as part of their annual contract monitoring. Commissioners developed a self-compliance assessment tool that enabled dental contractors to provide their own evidence as necessary. The tool was later rolled out in Dudley, Sandwell and Walsall.

- **Oral Health Promotion**
  The oral health promotion programme in Sandwell has continued throughout the past year. Training has been provided for parents and staff at targeted children's centres and for care workers at a number of nursing homes.

- **Infection Prevention Event**
  A training event aimed at raising awareness of Legionella in dental practices was held in 2012 in the Black Country. The event promoted joint working between dentists across the Cluster.

Pharmacy

The Black Country Cluster Pharmacy team managed 291 pharmacies during 2012-13. Over the year, this involved:

- Developing a single electronic Community Pharmacy Assurance Framework (CPAF) to replace the varied approaches undertaken by the constituent PCTs. The final version was sent to all community pharmacies in September 2012.
- Liaising with individual Local Pharmaceutical Committees and encouraging them to start working collaboratively, as preparation for the future. Monthly update meetings were held and a Cluster-wide forum – now covering Birmingham, Solihull and the Black Country – was established and supported.
- Developing preliminary discussions towards the establishment of a Local Professional Network, which has since been supported through its early stages.

- Developing a Cluster-wide, monthly ‘Family Health Services Functions’ committee to determine new applications.

Optometry

The Optometry teams managed 228 contracts during 2012-13. Approximately 303,000 sight tests were undertaken and 131,000 spectacle vouchers were issued.

Optometry achievements for the year included:

- Harmonisation of processes and procedures relating to contracts across the PCTs
- Completion of the contract monitoring programme
- Launch of a Local Eye Care Professional Network.

GP Services

The team managed and monitored contracts with 227 GP practices across the Black Country during 2012-13.

- Processes and procedures relating to the contract management of general practices across the four PCTs were harmonised, ensuring the delivery of high-quality primary medical care services for the populations they served.
- The contract monitoring programme was completed, including oversight of the Quality Outcomes Framework process for the year and practice visits.

STAFF ENGAGEMENT

During this period of considerable organisational change, communicating and engaging with the Cluster’s staff has continued to be a high priority for the leadership team. Over the year, joint communications channels between the Black Country and Birmingham and Solihull Clusters have been introduced to ensure staff have received consistent messages about the changes taking place.

Communications have included:

- **Staff consultation events** to outline proposals for the way the new organisations would operate, and gather feedback on these from staff

- **Weekly electronic newsletter** distributed to all staff to provide timely updates on all aspects of the transformation

- **Online resource portal** to act as a central point for accessing documents relevant to the transformation, and advertising posts as they became available during the development of each of the new organisations

- **Online question and answer tool** through which members of staff have been able to post questions on the transition – anonymously if wished – and be given answers by senior managers.

Staff have also had access to support from Staffside leads and representatives.

EMPLOYEES WITH A DISABILITY

Employing people with a disability is important for any organisation providing services for the public as they need to reflect the many and varied experiences of the public they serve. In the provision of health services it is perhaps even more important, as people with disabilities make up a significant proportion of the population, and those with long-term medical conditions use the services of the NHS. The Cluster's commitment to people with disabilities includes:

- People with disabilities who meet the minimum criteria for a job vacancy are guaranteed an interview

- The adjustments that people with disabilities might require in order to take up a job or continue working in a job are proactively considered

- The Cluster's mandatory equality and diversity training includes awareness of a range of issues impacting on people with disabilities

- The organisation ensures any employee who needs training, either because they work with people with disabilities, or because they have acquired an impairment or medical condition, receives the necessary training.

EQUAL OPPORTUNITIES

The Cluster ensured it was compliant with the Public Sector Equality Duty set out in the Equality Act 2010. This means the Cluster had to:

- Eliminate unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

Protected characteristics include age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender, sexual orientation, and marriage and civil partnership.

PUBLIC AND PATIENT ENGAGEMENT

Engaging with the Black Country population has been especially important during 2012-13 as the Cluster has worked to ensure patients and the public in general understand and are prepared for the introduction of new NHS organisations and changes in health and care responsibilities. The Cluster's engagement teams in the four localities have also been busy developing mechanisms for the Black Country Clinical Commissioning Groups (CCGs) and involving people in consultation on specific services and areas of care.

Dudley
During the past year Dudley has continued to provide people with an opportunity to ask questions about what is happening locally in the friendly and informal environment of its healthcare forum.

The forum has always been well attended, with lively debates on a variety of issues. In 2012-13, topics for discussion included commissioning priorities, changes in urgent care and mental health.

Dementia has been a particular focus for engagement, as rising numbers of people with the disease have resulted in local and national press coverage. Dudley has worked with partners in Dudley Metropolitan Borough Council, Dudley and Walsall Mental Health Partnership Trust, and the charities Age UK and Alzheimer's Society to look at the services that patients with dementia and their carers receive locally.

By the end of the year a draft dementia care strategy based on these discussions and from talking to patients and their carers had been developed.

Sandwell
During 2012-13 the Primary Care Trust (PCT) helped Sandwell CCG to develop a communications and engagement strategy as it moved towards authorisation and also to embed a robust, systematic public and patient engagement model within its governance arrangements.

Mechanisms for Local Commissioning Groups (LCGs) to engage with their populations and stakeholders and recruit patient representatives for LCG boards were also developed. Events were held to inform stakeholders of the implications of the NHS reforms and 'patient summits' were established to explain to patients and carers how to get involved in the work of LCGs and the CCG.

Over the past year Sandwell also:

- continued its Growing Patient Participation in Practice initiative with workshops and one-to-one meetings to help practices set up or strengthen Patient Participation Groups (PPGs)
- allocated a full-time team member to carry out consultation around reconfiguration of Stroke services; this consultation has been held up as best practice by the Department of Health
- generated real-time patient experience feedback

- held nine engagement events about new health centre premises proposed for Oldbury, Great Bridge and Wednesbury
- involved patients and carers in the development and procurement of various services, including intermediate care beds, out-of-hours provision, lymphoedema and the new 111 urgent care number.

Walsall
The 'Your Voice' engagement model has been developed over the past year to ensure information flows up, down and across Walsall CCG. This model will enable a process whereby communication and interaction develops internally with GP members and externally with patient groups, stakeholders and the local population.

Nearly all 63 practices have Patient Representative Groups (PRGs) and Walsall has invested in a development programme for PRG members, to ensure patients have an effective voice. The pioneering programme covers the changing NHS, the role of the PRG chair, communication skills, personal effectiveness and the basics of commissioning.

Over the past 12 months a number of events have been held to consult with patients and stakeholders on the Walsall CCG vision, values and principles. The last event in March 2013 also communicated the priorities of the CCG and included a discussion session, enabling the capture of feedback on the priorities that will contribute to future service redesign. An executive summary of the new organisation's commissioning plan was shared with participants, along with a simpler 'plan on a page' format.

Walsall's Contracting and Procurement department has also worked closely with patients and the public on developing the next round of contracts with main service providers.

The Walsall CCG website has a 'get involved' page and a dedicated e-mail address for patients, members of the public and stakeholders to get in touch with queries, comments and views.

Wolverhampton
In the past year the focus has been on supporting local GP practices to develop Patient Participation Groups, and talking to existing groups about the new Wolverhampton City CCG.

Wolverhampton has also continued to build on the good relationship between the PCT and its partners, including Wolverhampton City Council, the Royal Wolverhampton NHS Trust, Wolverhampton Voluntary Sector Council and Wolverhampton LINk, which became Healthwatch Wolverhampton on 1 April.

During 2012-13 there was involvement in many community events, including the City of Wolverhampton Show, freshers' events at local colleges and universities, and specific patient engagement events such as a Health Summit to tell people more about Wolverhampton City CCG.

When inviting individuals to take part in focus groups and other engagement events the engagement base that members of the public have had the opportunity to join for several years was used. Wolverhampton particularly sought to involve people in consultation on the new CCG's commissioning plan and 'procedures of limited clinical value'.

PATIENT EXPERIENCE – PALS AND COMPLAINTS

As part of the transition from Primary Care Trusts to Clinical Commissioning Groups, a combined patient experience function was developed. This has evolved to become a bespoke service provided by the NHS Central Midlands Commissioning Support Unit with effect from 1 April 2013.

The patient experience service combines PALS (Patient Advice and Liaison Service) and complaints.

Complaints

The Cluster complaints procedures reflect the Parliamentary Health Service Ombudsman's six principles for remedy:

- Getting it right
- Being customer focused
- Being open and accountable
- Acting fairly and proportionately
- Putting things right
- Seeking continuous improvement.

During the period 1 April 2012 to 31 March 2013, 690 complaints were received by the Black Country NHS Cluster.

Emerging common themes from these complaints include attitude and manner of staff, clinical treatment, and policy decisions made in relation to Individual Funding Requests and Continuing Healthcare funding.

It is important to learn from complaints, and the following outcomes and improvements have been noted:

- Introduction of new procedures to improve service provision
- Amendments made to improve existing procedures
- Changes to the criteria for referrals to a particular service
- Public involvement in a full service review
- Staff receiving further training to improve their skills
- Staff given the opportunity to reflect on their clinical practice, and improve.

Patient Advice and Liaison Service (PALS)

PALS can act as a catalyst for change and improvement. Through comprehensive data collection, PALS monitors concerns and trends and highlights information needs, gaps in services, or problems with systems or processes.

PALS plays an important role in the early resolution of complaints, and provides the means of valuable feedback on the performance and quality of services. PALS aims to take action on concerns and learning from issues raised by members of the public.

From 1 April 2012 to March 2013 the Black Country Cluster PALS teams dealt with more than 810 comments, compliments and concerns. These issues are used to support improvements. Queries can range from information requests, support for patients with issues about their GP, or information and support for patients on changes to local services.

PATIENT SAFETY

Serious Incidents Requiring Investigation

Between 1 April 2012 and 17 March 2013 a total of 870 Serious Incidents Requiring Investigation (SIRI) were reported by providers commissioned by the Cluster.

These can be broken down by PCT as follows:

- Dudley - 210
- Sandwell - 65
- Walsall - 290
- Wolverhampton – 305.

A Serious Incident Requiring Investigation is an incident that occurred in relation to NHS-funded services and care resulting in one of the following:

- unexpected or avoidable death of one or more patients, staff, visitors or members of the public
- serious harm to one or more patients, staff, visitors or members of the public, or where the outcome requires lifesaving intervention, major surgical or medical intervention, causes permanent harm or will shorten life expectancy or result in prolonged pain or psychological harm (this includes incidents graded under the National Patient Safety Agency (NPSA) definition of severe harm)
- a scenario that prevents or threatens to prevent a provider organisation's ability to continue to deliver healthcare services, for example actual or potential loss of personal or organisational information, damage to property, reputation or the environment, or IT failure
- allegations of abuse
- adverse media coverage or public concern about the organisation or the wider NHS.

A Serious Incident Requiring Investigation may also be one of the core set of 'Never Events'.

Never Events

Never Events are serious, largely preventable, patient-safety incidents that should not occur if the available preventative measures have been implemented by healthcare providers. Never Events are patient-safety incidents that are preventable because:

- there is guidance that explains what the care or treatment should be
- there is guidance to explain how risks and harm can be prevented
- there has been adequate notice and support to put systems in place to prevent them from happening.

Details of the categories of Never Events are reviewed and published annually on the Department of Health website.

DATA SECURITY

There is a strong data security culture within the Black Country Cluster, backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerry devices are encrypted and staff can send encrypted e-mails using the 'confidential' option on the e-mail system.

The Black Country has had three serious incidents relating to loss of secure data during the year 2012-13.

One incident involved staff members sending confidential information to the wrong person via e-mail. In another, a GP's vehicle was stolen, which contained encrypted tape back-ups of an EMIS Access patient administration system and two paper patient record extracts. The final incident involved a fax being sent to the incorrect number.

One of these incidents was still under investigation at the end of March 2013.

The e-mail breach has been resolved. The incident involved the use of the incorrect NHSmail address so there was, therefore, no outside NHS breach. The e-mail breach and fax incident were both the result of user error, and the relevant employees have been asked to ensure they double-check recipient details prior to sending electronic communications. NHSmail training packages have also been made available to all staff.

A root cause analysis was undertaken following the theft of the GP's vehicle. It was confirmed that the police were brought in and encryption of the tapes was verified by the system supplier. All procedures had been followed; the tape back-up was encrypted and locked in the boot of the car as required by policy.

CELEBRATING DIVERSITY AND VALUING DIFFERENCE

Ensuring respect for equality and diversity has continued to underpin everything the Cluster has done while going through the organisational changes of 2012-13.

Significant work has taken place to ensure that the transition to Clinical Commissioning Groups (CCGs) has not just gone smoothly but taken into account the diversity of the communities the new arrangements will serve. The Cluster has aimed to ensure that no groups are disadvantaged by the change and that services are accessible to all patients and service users.

An important part of the Cluster's role during 2012-13 has been to support its CCGs to embed equality in their organisations.

The Cluster has also worked hard to treat staff fairly and ensure they have an equal opportunity to move into new roles within the changed system.

Meeting the Cluster's Statutory Duty under the Equality Act 2010
A comprehensive report was published in January 2012 as part of the statutory specific duty to publish equality information. This highlighted some specific concerns that the Cluster has been working on to address. Specific and measurable equality objectives were set, aligned to the national NHS Equality Delivery System (EDS), and regular reports on progress were submitted to the Cluster's Quality and Safety Committee.

The organisational change did have an impact on delivery of some of the equality objectives, as an organisation in transition. Therefore, key messages for emerging organisations were reflected in the 2013 submission of equality information under the Equality Act 2010.

Commissioning for Equality Event
The event was designed to help CCGs prepare for authorisation and to explore the equalities agenda.

The event provided delegates with:

- an opportunity to work on the key components of an equality strategy
- an understanding of the breadth of the equalities agenda and its link into provision of quality services
- information on the requirement of meeting the statutory equality duties
- guidance on using the NHS Equality Delivery System to embed equality in quality outcomes.

Completion of Key Areas of Work
During 2012-13 the Cluster completed some specific areas of equality work.

1. It agreed equality key performance indicators (KPIs) and information requirements with some of the acute providers, monitoring for compliance and escalating concerns where necessary.
2. Equality and diversity training was provided to key members of staff, including Cluster-level board briefings on roles and responsibilities.
3. Equality impact analysis training, help, support and advice was provided, especially around the organisational changes.
4. As part of the national Pacesetters Programme, the Cluster worked with women with a view to increasing participation in cardiac rehabilitation, working with partner organisations and stakeholders with the shared aim of tackling health inequalities.

Key Messages for CCGs
The Cluster has developed some key messages intended primarily to assist CCGs in considering their equality strategies and objectives as they inherit the new local commissioning arrangements. The messages are derived from the array of information collected by each Primary Care Trust.

Some CCGs will already have identified some of these messages and be working through them. This is offered as a checklist of the main issues identified from the available evidence.

1. Develop your leadership.
2. Resolve the gaps in equality data and consistency of information.
3. Develop Primary Care understanding.
4. Use contractual levers with providers.
5. Be involved in partnership work on social determinants or ‘the causes of the causes’ of health inequalities.
6. Use the NHS Equality Delivery System to guide your equality strategy.

Equality Monitoring
The Black Country Cluster has produced detailed equality monitoring information for 2012-13.

EMERGENCY PLANNING, PREPAREDNESS AND RESPONSE

Over the past year Primary Care Trusts (PCTs) have been required to retain their ability to respond individually and as a Cluster while supporting the newly established Clinical Commissioning Groups and other organisations in preparing to assume their duties.

Four CCGs have been formed within the Black Country. From 1 April 2013 they are wholly responsible for commissioning, and for ensuring that NHS providers are capable and ready to respond to any incident or emergency.

These arrangements are the culmination of the ongoing transition of emergency planning through Cluster arrangements and the consolidation of resources during this final transitional year.

The emergency planning and resilience requirement is articulated in the Department of Health's Shared Operating Model for PCT Clusters (published in July 2011), the local Strategic Health Authority Assurance Framework to test compliance with the Shared Operating Model and, latterly, the NHS Commissioning Board Core Standards for Emergency Preparedness, Resilience and Response (EPRR).

During 2012-13, a significant change has been that Sandwell PCT Director of Public Health, Dr John Middleton, has become the lead Director of Public Health for the West Midlands conurbation, and joint Chair of the Local Health Resilience Partnership. This has built on his role as nominated emergency planning lead officer for the Black Country Cluster.

There have been a number of emergency preparedness, resilience and response (EPRR) achievements by the Cluster in 2012-13:

1. It achieved compliance with the expectations outlined in the Department of Health Shared Operating Model for PCT Clusters

2. Testing and validation of the Black Country Cluster major incident plan was carried out by an independent consultancy

3. The incident control rooms – the principal centre at Kingston House, Sandwell, and back-up centre at Jubilee House, Walsall – were successfully tested

4. A co-ordinated response to the 2012 Olympic Games ensured that plans were in place for Olympic teams staying, travelling, training and competing locally

5. Ongoing capacity was managed during a year of significantly high activity in supporting commissioned provider trusts, including provision of a 24/7 on-call capability by both emergency planning staff and Cluster executive directors

6. A number of incidents throughout the Cluster were managed and responded to, including outbreaks of infectious diseases, fires, significant capacity issues, the Olympic Torch Relay and severe weather

7. A suite of training, including incident management, media and loggist (to produce incident logs) skills was delivered.

Towards the end of 2012-13, the remaining emergency planning staff worked hard to ensure that arrangements were up-to-date and in place to facilitate a seamless handover to CCGs, NHS England and Public Health England, with continued resilience, preparedness and ability to respond remaining at full readiness in the Black Country throughout transition and beyond.

SUSTAINABILITY

Through the very difficult period of 2012-13, preparing estate for transition and transfer to multiple new owners, the key sustainability focus has been on maximising utilisation of assets.

All Local Improvement Finance Trust (LIFT)-provided estate achieved or bettered the Department of Health mandatory energy target bench mark.

The most substantial new benefits to the non-LIFT estate have been achieved by increasing utilisation of energy-efficient assets, resulting in closure and disposal of poorer quality, less efficient stock. Across the Black Country, approximately 11,000 square metres of existing accommodation has been closed and either disposed of or is in the process of being disposed of imminently.

While this represents a seven per cent efficiency by building volume, it should be noted that it comprises entirely of the less energy-efficient assets. Actual overall energy savings can only be confirmed after monitoring during 2013-14 as the resultant increased utilisation of retained estate will create some offset.

Black Country Cluster - Remuneration Report 2012/13

Black Country and Birmingham & Solihull Remuneration and Terms of Service Committee

The Committee was established by the Black Country and Birmingham & Solihull Clusters to approve the remuneration and terms of service for the Executive Directors, other staff on very senior manager (VSM) pay terms and conditions and lay appointments to CCG Boards. The Committee also had a remit to oversee the workforce resilience for the Cluster during the transition period from PCTs to CCGs, NHS England and other receiver organisations.

Pay for Board members and other senior staff was mainly on nationally determined pay rates. Where pay was determined locally this was agreed by the Committee.

Membership of the Committee consisted of six Non-Executive Directors (three from each Cluster) as shown below.

Member	Title	Member's Cluster
Jim Oatridge	Chair	Black Country Cluster
Mike Smith	Vice Chair	Birmingham & Solihull Cluster
Richard Nugent	Non-Executive Director	Black Country Cluster
Christine Parkinson	Non-Executive Director	Birmingham & Solihull Cluster
David Gutteridge	Non-Executive Director	Black Country Cluster
Sharon Annakie	Non-Executive Director	Birmingham & Solihull Cluster

It was the responsibility of the Committee in its discussions to:

• include all aspects of salary (including any performance-related element, bonuses and any other allowances), provisions for other benefits including pensions and car allowance, and arrangements for termination of employment and other contractual issues in decision making

• approve any non-contractual payments at any level that may be regarded as novel and/or contentious and which required Treasury approval.

The policy on Directors' contracts was that they were permanent, except where an explicit fixed-term role was identified. The standard notice period was six months. The contract was a standard contract used for all PCT staff so there were no end dates.

Bonus Payments for Performance in the Year 2012-13

On 13 January 2011, the Department of Health wrote to all Strategic Health Authorities notifying that the performance payments to VSMs for PCT clusters would be restricted to the top 25 per cent of performers in accordance with the national performance-related pay awards guidance (Gateway Reference 15427).

The Remuneration Committee recommended VSM performance awards to be made to Les Williams (Director of Operations of the Black Country Cluster) and Diane Reeves (Medical Director of the Birmingham & Solihull Cluster).

Black Country Cluster - Remuneration Report 2012-13

Salary Entitlements of Senior Managers

The Remuneration Report consisted of persons in senior positions who had authority or responsibility for directing or controlling the decisions of the entity as a whole. These were those senior managers who influenced the decisions of the entity as a whole and who regularly attended the Cluster Board meetings.
The Chair and Non-Executive Directors were remunerated in accordance with rates set nationally. Executive Directors had their remuneration set by the Remuneration Committee, which was also responsible for approving any other remuneration payable to Board members.

				2012/13				Costs were apportioned between PCTs on an agreed population basis				2011/12				Costs were apportioned between PCTs on an agreed population basis			
Name	Title	Start date in this senior managers role	Finish date in this senior managers role	Total Salary Cost (Bands of £5000)	Bonus payments (bands of £5000)	Other Remuneration - Total Cost (Bands of £5000)	Benefits in kind (bands of £100)	Salary Paid by Dudley PCT 27.42 %	Salary Paid by Sandwell PCT 27.98%	Salary Paid by Walsall PCT 22.78%	Salary Paid by Wolverham-pton PCT 21.82%	Total Salary (bands of £5000)	Bonus payments (bands of £5000)	Other remuneration (bands of £5000)	Benefits in kind (bands of £100)	Salary Paid by Dudley PCT	Salary Paid by Sandwell PCT	Salary Paid by Walsall PCT	Salary Paid by Wolverham-pton PCT
		If less than 12 Months		£000's	£000's	£000's	£00's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£00's	£000's	£000's	£000's	£000's
Clusterwide Appointments																			
Mrs G Cooper	Chairperson			40-45				10-15	10-15	5-10	5-10	35-40				10-15	10-15	5-10	5-10
Mrs J Jasper	Non-Executive Director			10-15				0-5	0-5	0-5	0-5	10-15				0-5	0-5	0-5	0-5
Miss G. Siggins	Non-Executive Director			5-10				0-5	0-5	0-5	0-5	5-10				0	0	5-10	0
Mrs N Devi	Non-Executive Director			5-10				0-5	0-5	0-5	0-5	5-10				0-5	0-5	0-5	0-5
Mr R Nugent	Non-Executive Director			5-10				0-5	0-5	0-5	0-5	30-35				5-10	5-10	5-10	5-10
Mr D Gutteridge	Non-Executive Director			10-15				0-5	0-5	0-5	0-5	10-15				0-5	0-5	5-10	0-5
Mr R Jones	Non-Executive Director			5-10				0-5	0-5	0-5	0-5	5-10				0	0	0	5-10
Mr J Oatridge	Non-Executive Director			10-15				0-5	0-5	0-5	0-5	25-30				0-5	0-5	0-5	20-25
Mr R Bacon	Chief Executive		30-Sep-12	70-75				15-20	20-25	15-20	15-20	145-150			9	40-45	40-45	30-35	30-35
Ms W Saviour	Chief Executive	01-Oct-12		**See Note 1 below**															
Mr J Green	Director of Finance		31-Oct-12	65-70				15-20	15-20	15-20	15-20	95-100			1	25-30	25-30	20-25	20-25
Alison Taylor	Director of Finance	01-Nov-12		**See Note 1 below**															
Dr A Phillips	Director of Public Health		30-Sep-12	35-40			17	10-15	10-15	5-10	5-10	55-60			5	5-10	5-10	0-5	35-40
Dr I Gillis	Interim Executive Director of Public Health	01-Oct-12		50-55				10-15	10-15	10-15	10-15								
Dr S Cartwright	Medical Director			60-65		50-55		30-35	30-35	25-30	25-30	55-60		45-50		25-30	25-30	20-25	20-25
Mr A Williams	Director of Commissioning Development	01-Apr-12		115-120	0-5			30-35	30-35	25-30	25-30	105-110			3	25-30	30-35	20-25	20-25
Mr L Williams	Director of Operations			105-110				25-30	30-35	20-25	20-25								
Ms K Helliwell	Director of Commissioning	01-Oct-12		**See Note 1 below**															
Ms S Ali	Director of Nursing		30-Sep-12	50-55				10-15	10-15	10-15	10-15	95-100				25-30	25-30	20-25	20-25
Ms F Baillie	Director of Nursing	01-Oct-12		**See Note 1 below**															

Ms M Madders	Asst Chief Exec-Human Resources		30-Sep-12	45-50		25-30		20-25	20-25	15-20	15-20	85-90				20-25	25-30	15-20	15-20
Ms K Sharpe	Asst Chief Exec-Governance			90-95				25-30	25-30	20-25	20-25	85-90				20-25	20-25	15-20	15-20
Ms Y Thomas	Asst Chief Exec-Partnerships		31-Mar-12	**See Note 2 below**								85-90				20-25	25-30	15-20	15-20

Notes

Note 1

The following also held the same title roles in the Birmingham & Solihull Cluster:

Ms W Saviour	W Saviour's annual salary was in the range £135k-140k and was paid by Nottingham County PCT which did not recharge the cost to the Clusters.
Ms A Taylor	A Taylor's annual salary was in the range £110k-115k and was paid by Norfolk PCT and Great Yarmouth & Waveney PCT which did not recharge the cost to the Clusters.
Dr S Cartwright	Birmingham & Solihull Cluster was not recharged for Dr Cartwight's salary.
Mr L Williams	Birmingham & Solihull Cluster was not recharged for L Williams's salary.
Ms K Helliwell	K Helliwell's annual salary was in the range £95k-100k and was paid by Birmingham East & North PCT which did not recharge the cost to the Clusters.
Ms F Baillie	F Baillie 's annual salary was in the range £95k-100k and was paid by Coventry PCT which did not recharge the cost to the Clusters.

Note 2

Ms Y Thomas	Seconded to Department to Health wef 01 April 2012

Note 3

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:-

Dudley PCT	The banded remuneration of the highest paid director in Dudley PCT in the financial year 2012/13 was £102.5k (2011-12, £102.5k). This was 3.2 times (2011-12, 3.4) the median remuneration of the workforce, which was £31k (2011-12, £30k). In 2012/13 2 (2011/12, 1) employees received remuneration in excess of the highest paid director. Remuneration ranged from £102.5k to £117.5k (2011/12, £122.5k).
Sandwell PCT	The banded remuneration of the highest paid director in Sandwell PCT in the financial year 2012/13 was £157.5k (2011-12, £157.5k). This was 4.6 times (2011-12, 4.6) the median remuneration of the workforce, which was £34k (2011-12, £34k). In 2012/13 no employee received remuneration in excess of the highest paid director (2011/12, 0).
Walsall PCT	The banded remuneration of the highest paid director in Walsall PCT in the financial year 2012/13 was £102.5k (2011-12, £103k). This was 2.5 times (2011-12, 3.0) the median remuneration of the workforce, which was £40k (2011-12, £34k). In 2012/13 4 (2011/12, 6) employees received remuneration in excess of the highest paid director. Remuneration ranged from £107.5k to £147.5k (2011/12, £107.5k to £142.5k).
Wolverhampton PCT	The banded remuneration of the highest paid director in Wolverhampton PCT in the financial year 2012/13 was £97.5k (2011-12, £97.5k). This was 3.8 times (2011-12, 3.0) the median remuneration of the workforce, which was £26k (2011-12, £30k). In 2012/13 0 (2011/12, 0) employee received remuneration in excess of the highest paid director (2011/12, 0).

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.

Black Country Cluster - Remuneration Report 2012-13

Pension entitlements of Senior Managers

Name	Title	Real increase in pension at age 60 (bands of £2,500) Total	Real increase in pension lump sum at age 60 (bands of £2,500) Total	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 31st March 2013	Cash Equivalent Transfer Value at 31st March 2012	Real increase in Cash Equivalent Transfer Value *	Employer's contribution to stakeholder pension
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£00's
Clusterwide Appointments									
Mr R Bacon	Chief Executive	(0-2.5)	(2.5-5)	65-70	200-205	1,466	1,385	9	0
Mr J Green	Director of Finance	2.5-5	12.5-15	25-30	85-90	391	306	86	0
Dr A Phillips	Director of Public Health	0-2.5	2.5-5	40-45	120-125	751	706	32	0
Dr I Gillis	Interim Director of Public Health	0-2.5	5.0-7-5	40-45	130-135	941	834	64	0
Mr A Williams	Director of Commissioning Development	2.5-5	7.5-10	40-45	120-125	684	582	72	0
Mr L Williams	Director of Operations	2.5-5	7.5-10	45-50	140-145	1,034	903	84	0
Ms S Ali	Director of Nursing	0-2.5	5-7.5	35-40	110-115	699	610	58	0
Ms M Madders	Asst Chief Exec-Human Resources	0-2.5	0-2.5	20-25	60-65	0	447	No CETV - Retired	0
Ms K Sharpe	Asst Chief Exec-Governance	0-2.5	0-2.5	35-40	105-110	655	598	25	0

Regarding Note 1 of the Salary Entitlements of Senior Managers table, the pension details of these members have been disclosed in their respective organisation's remuneration report.

In his budget of 22 June 2010 the Chancellor announced that the uprating (annual increase) of public sector pensions would change from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with the change implemented from April 2011. The inflation uplift used in the calculation of real pension increases is 5.2%.

For figures at 31 March 2013, NHS Pensions Agency has used the most recent set of actuarial figures produced by the Government Actuary department, following a HM Treasury review.

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.

SUMMARY FINANCIAL STATEMENTS

This Annual Report presents summarised financial information regarding the operations of the four PCTs within the Black Country Cluster of PCTs. The accounts for 2012-13 have been prepared in a standard format that the Secretary of State has approved. Each PCT has an obligation each year not to spend more than its Resource Limit and to achieve Operating Financial Balance.

The Statement of Accounting Officer's Responsibilities, along with the other Directors' statements, is included within the statutory accounts, which are publicly available.

Each PCT receives the vast majority of its resources from the Department of Health (DH) in the form of direct allocations to fund its activities, both in terms of purchase of health care and the running costs of the organisation.

The accounts are prepared in line with Accounting Policies determined by the Secretary of State. The Accounting Policies are consistent across the four PCTs.

Within the Annual Report, the PCTs are required to highlight any accounting policies that required the particular elements of judgement. Shared running costs of the Cluster have been split on the basis of patient numbers in each of the Black Country PCT areas.

The main risk in terms of the PCT finances, relates to the impact of the changes set out by the Government in the Health and Social Care Act and, as services will continue to be provided by another public sector entity, it has been concluded that it is appropriate for the accounts to be prepared on a going concern basis. In addition, management has considered the implications of the Act and does not believe that it will have a material impact on the carrying value of assets and liabilities as the functions of the PCTs will be transferred to the various successor bodies. As a result, the accounts are prepared on a going concern basis.

There were no unusual or major financial transactions in any of the PCTs that require separate disclosure within the Annual Report for 2012-13.

Performance against targets

	DUDLEY PCT		SANDWELL PCT		WALSALL PCT		WOLVERHAMPTON	
REVENUE	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
	£000	£000	£000	£000	£000	£000	£000	£000
Net operating costs of the financial year	528,464	511,193	608,606	582,173	489,300	487,160	478,613	455,223
Revenue resource limit	537,472	517,185	618,739	591,062	492,857	489,757	493,823	474,905
Surplus	9,008	5,992	10,133	8,889	3,527	2,597	15,210	19,682
Surplus as a percentage of Resource Limit	1.68%	1.16%	1.64%	1.50%	0.72%	0.53%	3.08%	4.14%
CAPITAL								
Gross Capital Expenditure	(1,489)	1,339	4,803	10,008	513	799	11,924	3,051
Capital Resource Limit	(793)	1,812	5,112	10,017	932	865	12,431	3,371
Underspend against capital resource limit	696	473	309	9	419	66	507	320

Summary Financial Statements

Statement of Comprehensive Net Expenditure	**DUDLEY PCT**		**SANDWELL PCT**		**WALSALL PCT**		**WOLVERHAMPTON**	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Pay and related costs	15,248	19,525	13,452	15,859	10,001	13,177	11,729	13,139
Other costs	537,210	517,879	611,994	584,757	493,816	489,578	500,406	462,285
Less operating revenue	(23,994)	(26,211)	(16,840)	(18,443)	(14,487)	(15,595)	(33,522)	(20,201)
Net operating costs for the financial year	528,464	511,193	608,606	582,173	489,330	487,160	478,613	455,223
Other comprehensive net expenditure								
Impairments and reversals put to Revaluation Reserve	884	104	94	519	500	422	1,691	1,918
Net(gain) on revaluation on Property, Plant & Equipment	(1)	(189)	(93)	(673)	(45)	(1624)	(841)	(1,074)
Total Comprehensive Net Expenditure for the year	529,347	511,108	608,607	582,019	489,785	485,958	479,463	456,067

Statement of financial position as at 31 March 2013	DUDLEY PCT		SANDWELL PCT		WALSALL PCT		WOLVERHAMPTON	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Non current assets								
Property, Plant and Equipment	43,015	49,912	31,851	31,527	21,399	22,349	62,601	56,707
Intangible Assets	389	1,243	0	102	0	8	11	28
Other Financial Assets	783	832	642	475	217	228	118	122
Trade & Other Receivables	749	368	103	0	0	208	0	0
Total non-current assets	**44,936**	**52,355**	**32,596**	**32,104**	**21,616**	**22,793**	**62,730**	**56,857**
Current assets								
Trade and other receivables	2,502	10,265	9,203	8,163	3,812	4,947	5,915	6,687
Cash and cash equivalents	35	16	1,182	715	107	158	1,030	5
Total Current assets	2,537	10,281	10,385	8,878	3,919	5,105	6,945	6,692
Non-Current Assets Held for Sale	174	714	0	0				
Total assets	47,647	63,350	42,981	40,982	25,535	27,898	**69,675**	**63,549**
Current liabilities								
Trade and other payables	(26,347)	(34,021)	(41,561)	(42,680)	(38,101)	(41,548)	(35,074)	(32,104)
Provisions	(7,055)	(6,241)	(3,287)	(4,373)	(1,499)	(3,516)	(4,818)	(4,206)
Borrowings	(744)	(694)	(487)	(478)	(139)	(132)	(342)	(274)
Total Current Liabilities	(34,146)	(40,956)	(45,335)	(47,531)	(39,739)	(45,196)	(40,234)	(36,584)
Non-current assets plus/less net current assets/liabilities	**13,501**	**22,394**	**(2,354)**	**(6,549)**	**(14,204)**	**(17,298)**	**23,409**	**26,965**
Non-current liabilities								
Trade and other payables							(31)	(60)
Provisions	(3,086)	(4,903)	(2,018)	(1,008)	(3,895)	(3,062)	(387)	(1,346)
Borrowings	(28,689)	(29,433)	(15,415)	(15,900)	(5,031)	(5,170)	(9,734)	(10,156)
Total Non-Current Liabilities	**(31,775)**	**(34,336)**	**(17,433)**	**(16,908)**	**(8,926)**	**(8,232)**	**(10,152)**	**(11,562)**
Total assets employed	**(18,274)**	**(11,942)**	**(19,787)**	**(23,457)**	**(23,130)**	**(25,530)**	**19,289**	**15,403**
Financed by Taxpayers Equity								

General Fund	(25,900)	(20,663)	(23,362)	(27,393)	(26,715)	(29,772)	10,887	6,151
Revaluation Reserve	7,626	8,721	3,575	3,936	3,585	4,242	8,402	9,252
Total Taxpayers equity	**(18,274)**	**(11,942)**	**(19,787)**	**(23,457)**	**(23,130)**	**(25,530)**	**19,289**	**15,403**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013	**DUDLEY PCT**		**SANDWELL PCT**		**WALSALL PCT**		**WOLVERHAMPTON**	
	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Opening reserves	(11,942)	(16,368)	(23,457)	(26,758)	(25,530)	(21,194)	15,403	13,862
Net Operating Costs for the Year	(528,742)	(511,193)	(608,606)	(582,173)	(489,330)	(487,160)	(478,613)	(455,223)
Net gain on revaluation of Property, Plant and Equipment	1	189	93	673	45	1,624	841	1,074
Impairments and reversals	(884)	(105)	(94)	(519)	(500)	(421)	(1,691)	(1,918)
Total recognised income and expense for the year	(529,347)	(511,109)	(608,607)	(582,019)	(489,785)	(485,957)	(479,463)	(456,067)
Net parliamentary funding	523,015	515,535	612,277	585,320	492,185	480,869	483,349	457,608
Balance at 31 March 2013	**(18,274)**	**(11,942)**	**(19,787)**	**(23,457)**	**(23,130)**	**(26,282)**	**19,289**	**15,403**

Statement of Cash Flows for the Year Ended 31 March 2013	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000	2012/13 £000	2011/12 £000
Cash Flows from operating activities								
Net operating costs	(526,337)	(509,131)	(606,692)	(580,793)	(488,786)	(486,633)	(477,790)	(454,328)
Depreciation and amortisation	5,704	3,696	2,246	2,215	962	755	2,096	2,706
Impairments and reversals	182	(1,560)	2,054	143	104	488	3,074	423
Interest Paid	(2,195)	(2,397)	(1,848)	(1,371)	(495)	(498)	(798)	(818)
(Increase)/Decrease in Inventories		29	0	118	0	48	0	342
(Increase)/decrease in trade and other receivables	7,382	(3,375)	(1,143)	(3,717)	1,343	1,917	772	1,711
Increase/(decrease) in trade and other	(7,038)	(8,022)	(1,206)	1,718	(3,478)	2,404	3,722	(287)

payables								
Provisions utilised	(3,290)	(512)	(2,274)	(1,888)	(2,748)	(1,290)	(4,273)	(4,652)
Increase/(decrease)in provisions	2,254	6,860	2,055	(219)	1,505	3,206	3,913	1,755
Net Cash Outflow from Operating Activities	(523,338)	(514,412)	(606,808)	(583,794)	(491,593)	(479,603)	(469,284)	(453,148)
Cash flows from investing activities								
Interest Received	132	60	0	112	28	42	15	15
Payments for purchase of plant, property and equipment	(1,045)	(736)	(4,867)	(2,202)	(785)	(1,114)	(13,060)	(2,927)
Payments for the purchase of tangible assets	(393)	(500)	0	(63)	0	0	0	0
Proceeds of disposal of assets held for sale(PPE)	2,181	584	343	0	235	0	0	2
Proceeds of disposal of assets held for	113	0	0	0	0	0	0	0
sale (Intangible)	48	116	0	0	0	0	0	0
Loans Repaid in respect of LIFT					11	15	4	7
Net cash flow from investing activities	1,036	(476)	(4,524)	(2,153)	(511)	(1,057)	(13,041)	(2,903)
Net cash outflow before financing	(522,302)	(514,888)	(611,332)	(585,947)	(492,104)	(480,660)	(482,325)	(456,051)
Cash flows from financing activities								
Net parliamentary funding	523,015	515,535	612,277	585,320	492,185	480,869	483,349	457,608
Capital grants and other capital receipts	(694)	(649)	(478)	(509)	(132)	(123)	1	0
Capital element of payments in respect of finance leases and On-SoFP PFI and LIFT								
Net cash inflow from Financing	522,321	514,886	611,799	584,811	492,053	480,746	483,350	457,608
Net increase/(decrease) in cash and cash equivalents	19	(2)	467	(1,136)	(51)	86	1,025	1,557
Cash and cash equivalents at beginning of the financial year	16	18	715	1,851	158	72	5	(1,552)
Cash and cash equivalents at the end of the financial year	35	16	1,182	715	107	158	1,030	5

Running costs

Primary Care Trusts are required to report their running costs within their accounts, both in terms of the total running costs and running costs by head of population.

RUNNING COSTS	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Running costs (£000)	10,593	11,534	14,696	14,016	10,406	13,812	8,751	11,620
Weighted population (number)	312,083	312,083	353,398	353,398	278,705	278,705	271,703	271,703
Running costs per weighted head of population (£)	33.94	36.96	41.58	39.66	37.34	49.56	32.21	42.77

PUBLIC HEALTH SPEND	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Total public health expenditure (£000)	2,186	2,383	2,286	2,284	1,042	1,065	2,031	1,371

Better Payments Practice Code

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

The table below illustrates the four PCTs' performance for the 2012/13 and 2011/12 financial years:

	£000	Number	£000	Number	£000	Number	£000	Number
Total invoices paid in 2012/13	472,611	25,029	470,207	16,408	401,720	20,154	411,923	18,095
Total invoices paid within target in 2012/13	463,262	23,368	444,222	13,673	388,342	18,078	390,309	15,751
Percentage of invoices paid within	98.0%	93.4%	94.5%	83.3%	96.7%	89.7%	94.8%	87.0%

target in 2012/13								
Total invoices paid in 2011/12	478,236	28,574	482,486	20,057	383,902	19,236	380,646	20,929
Total invoices paid within target in 2011/12	474,615	27,344	461,466	16,061	377,158	18,406	377,199	19,804
Percentage of invoices paid within target in 2011/12	99.2%	95.7%	95.6%	80.1%	98.2%	95.7%	99.1%	94.6%

Each PCT has also signed up to the Prompt Payment Code. The Code is an initiative devised by the government with The Institute of Credit Management (ICM) to tackle the crucial issue of late payment and to help small businesses especially. Suppliers can have confidence in any organisation that signs up to the code that they will be paid within clearly defined terms, and that there is a proper process for dealing with any payments that are in dispute.

STAFF SICKNESS ABSENCES[1]

	2012	2011	2012	2011	2012	2011	2012	2011
Total days lost	3,754	3,749	3,149	11,105	4016	1700	2,920	2,552
Total staff years	542	388	393	1,130	522	244	412	892
Average working days lost	6.93	9.66	8.01	9.83	7.69	6.97	7.09	2.86

[1] Staff sickness absence is reported on a calendar year basis

EXIT PACKAGES for the period 1 April 2012 to 31 March 2013

	Less than £10,000	Between £10,001 and £25,000	Between £25,001 and £50,000	Between £50,001 and £100,000	Between £100,001 and £150,000	Between £150,001 and £200,000	More than £200,000	Total Number / Cost
DUDLEY PCT								
Number of Compulsory Redundancies	5	5	6	2	0	0	1	19
Cost of compulsory redundancies (£)	26,893	77,808	202,775	197,694	0	0	271,729	776,869
Number of other departures agreed	6	10	12	4	3	0	1	36
Cost of other departures agreed (£)	43,399	156,909	489,300	254,211	358,048	0	204,755	1,506,622
Total number of exit packages by cost band	11	15	18	6	3	0	2	55
Total cost of exit packages by cost band (£)	70,262	234,717	692,075	451,905	358,048	0	476,484	2,283,491
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0
SANDWELL PCT								

Number of Compulsory Redundancies	5	7	3	6	1	0	0	22
Cost of compulsory redundancies (£)	34,321	107,102	113,831	448,707	134,415	0	0	838,376
Number of other departures agreed	5	21	21	13	4	2	0	66
Cost of other departures agreed (£)	33,410	362,941	746,648	936,279	432,853	365,462	0	2,877,593
Total number of exit packages by cost band	10	28	24	20	4	2	0	88
Total cost of exit packages by cost band (£)	67,731	470,043	860,479	1,457,007	495,247	365,462	0	3,715,969
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0
WALSALL PCT								
Number of Compulsory Redundancies	2	3	2	3	0	2	1	13
Cost of compulsory redundancies (£)	12,535	44,275	96,357	218,159	0	348,744	299,641	1,019,711
Number of other departures agreed	6	4	3	8	1	1	0	23

Cost of other departures agreed (£)	42,748	56,216	99,474	547,348	111,890	166,611	0	1,024,287
Total number of exit packages by cost band	8	7	5	11	1	3	1	36
Total cost of exit packages by cost band (£)	55,283	100,491	195,831	765,507	111,890	515,355	299,641	2,043,998
Number of departures where Special Payments have been made	0	0	0	0	0	0	0	0
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0
WOLVERHAMPTON CITY PCT								
Number of Compulsory Redundancies	2	6	5	3	0	0	0	16
Cost of compulsory redundancies (£)	14,000	98,000	183,000	215,000	0	0	0	510,000
Number of other departures agreed	3	14	8	13	2	1	0	41
Cost of other departures agreed (£)	21,000	227,000	296,000	932,000	240,000	170,000	0	1,886,000
Total number of exit packages by cost band	5	20	13	16	2	1	0	57
Total cost of exit packages by cost band (£)	35,000	325,000	479,000	1,147,000	240,000	170,000	0	2,396,000
Number of departures where Special Payments have been	0	0	0	0	0	0	0	0

made								
Cost of departures where Special Payments have been made (£)	0	0	0	0	0	0	0	0

External Audit
The audit services provided in 2012-13 included the audit of the PCTs' financial statements and other statutory activities, including value for money work. These services were provided as follows to each of the Authorities and the costs were:

Dudley PCT	- Grant Thornton - £120k
Sandwell PCT	- KPMG - £155k
Walsall PCT	- Grant Thornton - £116k
Wolverhampton PCT	- PricewaterhouseCoopers - £117k

REVIEW OF TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES

Treasury published PES (2012)17 Annual Reporting Guidance 2012-13 in December 2012. One of the requirements is for organisations to disclose information about 'off payroll engagements'.

Requirement 1 – Off payroll engagements at a cost of more than £58,200 per annum that were in place as at 31 January 2012:

- Sandwell PCT had no off payroll engagements in place as at 31 January 2012, in excess of £58,200 per annum.
- Walsall PCT had two off payroll engagements in place as at 31 January 2012, both of which were in excess of £58,200 per annum. Neither of these contracts was re-negotiated and both came to an end during the 12-13 financial year.
- Wolverhampton City PCT had eight off payroll engagements in place as at 31 January 2012, in excess of £58,200 per annum, of which 6 have ceased, and none have been taken onto the PCT's payroll.

- Dudley PCT had two off payroll engagements in place as at 31 January 2012, both of which were in excess of £58,200 per annum. Neither of these contracts was renegotiated, and both came to an end during the 2012-13 financial year.

Requirement 2 – New off payroll engagements between 23 August 2012 and 31 March 2013 for more than £220 per day and more than six months:

- Sandwell PCT did not take on any new off payroll engagements between these dates for more than £220 per day and for more than six months.
- Walsall PCT did not take on any new off payroll engagements between these dates for more than £220 per day and for more than six months.
- Wolverhampton City PCT had two new off payroll engagements between these dates for more than £220 per day and for more than six months.
- Dudley PCT had five new off payroll engagements between these dates for more than £220 per day and for more than six months.

PENSIONS LIABILITIES

Past and present employees' pension costs are covered by the provisions of the NHS pensions scheme. The details are set out in note 7.5 within the statutory financial statements.

FULL ACCOUNTS

The summarised financial statements represent a summary of the full accounts, which are available to the public at no charge. Requests for a copy of the full accounts should be addressed to: [TO BE COMPLETED BY DH]

Each statutory body has complied with HM Treasury guidance on setting charges. This guidance is available as Appendix 6 to HM Treasury's MPM.

AUDITOR'S STATEMENT ON THE SUMMARY FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF DUDLEY PRIMARY CARE TRUST

We have examined the summary financial statement for the year ended 31 March 2013 relating to Dudley Primary Care Trust which comprises: performance against targets; summary financial statements; running costs; better payments practice code; staff sickness absences; and exit packages.

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

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Dudley Primary Care Trust for the year ended 31 March 2013.

Grant Thornton UK LLP,
Colmore Plaza,
20 Colmore Circus,
Birmingham,
B4 6AT

7 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICER OF SANDWELL PRIMARY CARE TRUST

We have audited the financial statements of Sandwell Primary Care Trust for the year ended 31 March 2013 on pages 1 to 45. 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 Sandwell Primary Care Trust in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Signing Officer of the PCT those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Signing Officer of the PCT for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of Responsibilities of the Signing Officer of the Primary Care Trust, 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 Sandwell Primary Care Trust 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 Sandwell Primary Care Trust 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.

Andrew Bostock, for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill,

Snowhill Queensway
Birmingham
B4 6GH

7 June 2013

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF WALSALL TEACHING PRIMARY CARE TRUST

We have examine the summary financial statement for the year ended 31 March 2013 relating to Walsall Teaching Primary Care Trust which comprises: performance against targets; summary financial statements; running costs; better payments practice code; staff sickness absences; and exit packages.

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

Respective responsibilities of signing officer and auditor

The signing officer is responsible for preparing the Annual Report.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

We also read the other information contained in the Annual Report and consider the implications for our report if we become aware of any misstatements or material inconsistencies with the summary financial statement.

We conducted our work in accordance with Bulletin 2008/03 "The auditor's statement on the summary financial statement in the United Kingdom" issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the Walsall Teaching Primary Care Trust for the year ended 31 March 2013.

Grant Thornton UK LLP,
Colmore Plaza,
20 Colmore Circus,
Birmingham,
B4 6AT

7 June 2013

Independent auditors' statement to the officer responsible for preparing the accounts of Wolverhampton City Primary Care Trust

We have examined the summary financial statement for Wolverhampton City Primary Care Trust for the year ended 31 March 2013 which comprises the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, the related notes, and the information in the Pensions and Remuneration Report.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

The officer responsible for preparing the accounts is responsible for preparing the Annual Report and summary financial statement, in accordance with directions issued by the Secretary of State.

Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the full annual statutory financial statements and the Directors' Remuneration Report and its compliance with the relevant requirements of the directions issued by the Secretary of State.

We also read the other information relating to Wolverhampton City Primary Care Trust contained in the Annual Report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement. The other information comprises only;

- Welcome from the Cluster Chair
- Report from Black Country Cluster Chief Executive
- Achievements
- The Changing NHS

This statement, including the opinion, has been prepared for, and only for, the officer responsible for preparing the accounts of Wolverhampton City Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the full annual statutory financial statements describes the basis of our audit opinion on those financial statements and the Directors' Remuneration Report.

Opinion

In our opinion the summary financial statement is consistent with the full annual statutory financial statements and the Directors' Remuneration Report of Wolverhampton City Primary Care Trust for the year ended 31 March 2013 and complies with the relevant requirements of the directions issued by the Secretary of State.

We have not considered the effects of any events between the date on which we signed our report on the full annual statutory financial statements (10 June 2013) and the date of this statement.

Mark Jones, Engagement Lead

For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
Cornwall Court,
19 Cornwall St,

Birmingham,
B3 2DT

21 June 2013

Directors' Statement

The auditors have issued unmodified opinions on the full annual financial statements; the part of the directors' remuneration report that is described as having been audited; and on the consistency of the directors' report with those annual financial statements.

The auditors' report on the full annual financial statements contained no statement on any of the matters on which they are required, by the Code of Audit Practice, to report by exception.

GLOSSARY OF FINANCIAL TERMS

Benefits in kind Taxable benefits arising from goods and services received by the employee in addition to salary.

Better Payment Practice Code Requirement for the Authority to aim to pay all valid invoices by the due date or within 30 days of receipt of goods or valid invoice, whichever is later.

Capital Resource Limit The amount that the Authority is approved to charge to capital expenditure in the year by the Department of Health.

Current Liabilities Amounts owed by the Authority to other organisations and individuals.

Current Assets Amounts owed to the Authority by other organisations and individuals.

General Fund The accumulated surpluses or deficits attributable to the Authority since its formation net of parliamentary funding received.

Impairment Recognition of losses in value of non-current assets held by the Authority.

Intangible Assets Non-current assets held by the Authority which do not have physical substance, for example, software licences.

Net Operating Costs The running costs of the Authority (staff salaries, rent, telephones, office equipment, stationery, etc), less any income received.

Non-Current Assets Assets which have a use or operational term spanning more than one financial period.

Pay and Related Costs These are referred to as Employee Benefits in the Authority's annual accounts and relate to salaries and associated costs.

Provisions Amounts charged to operating costs for liabilities of uncertain timing or amount.

Revaluation Reserve Reserve arising from the revaluation of non-current assets required to maintain such assets in the accounts at fair value.

Revenue Resource Limit The amount that the Authority is approved to charge to operating cost statement in the year by the Department of Health.

Running Costs Costs incurred that are not direct payments for the provision of healthcare or healthcare related services.

Statement of Cash Flows Summary of the movements in cash and cash equivalents between statement dates.

Statement of Changes in Taxpayers' Equity Summary of movements in the Authority's General Fund and Revaluation Reserve during the financial period.

Statement of Comprehensive Net Expenditure Summary of costs and revenue for the Authority during the financial year.

Statement of Financial Position Summary of the assets, liabilities and taxpayers equity at the financial year end date.

DECLARATION OF INTERESTS 2012-13

On the basis that, from 1 October 2012, Birmingham, Solihull and the Black Country operated as a single Cluster of PCTs, the following is a disclosure of the interests of Directors from across the broader Cluster.

BLACK COUNTRY AND BIRMINGHAM AND SOLIHULL CLUSTERS

Name	Designation	Interest
Mrs G Cooper	Chairman	• Director – Dudley Hope • Justice of the Peace
Mr R Nugent	Non-Executive Director	• Director / Trustee: Warley Woods Community Trust • Principal – HECS (Healthcare Estates Consultancy Services) Architects • Governor Sandwell College • Past President Institute of Healthcare Engineering and Estates Management • Corporate Member Royal Institute of British Architects
Mr J Oatridge	Non-Executive Director	• Northern Ireland Authority for Utility Regulation – Non Executive Director • Chartered Institute of Water and Environment Management – Chairman • Animal Health – Non Executive Director
Mrs J Jasper	Non-executive director/Audit Chair	• Shares in National Express Group • Chair of Governors, Thorns Community College • Trustee The Stourbridge Education Trust • Director – Westlands Associates Ltd • Governor, Stourbridge College Corporation
Cllr Bob Jones	Non-executive Director	• Wolverhampton City Council – Member *until March 2013* • West Midlands Police Authority - Member *until Oct 2012)* • West Midlands Local Government Pension Fund • West Midlands Police and Crime Commissioner
Mrs N Devi	Non-executive Director	• Rights Equality Sandwell Board Member • Director of ND Consultants Ltd • Member of the Labour Party
Miss G Siggins	Non-executive Director	• Director of Adult Social Care (London Borough of Newham) • Member – Association of Directors of Adult Social Services • Member – British Association of Occupational Therapists • Health Professions Council – Registration as Occupational Therapist member

Mr D Gutteridge	Non-executive Director	• Black Country Housing Group • Chair, Relate Walsall • Magistrate, Walsall Bench
Mr R Bacon	Chief Executive until 1.10.12 then CSU Managing Director	• None
Ms W Saviour	Accountable Officer from 1.10.12	• None
Dr S Cartwright	Medical Director	• GP partner, Keelinge House Surgery, Dudley
Mr L Williams	Director of Operations and Delivery *from 1.10.12*	• Chair of Halesowen College
Ms K Helliwell	Director of Commissioning from 1.10.12	• None
Ms A Taylor	Director of Finance from 1.11.12	• None
Mr A Williams	Director of Commissioning Development until 1.10.12	• None
Ms S Ali	Director of Nursing until 1.10.12	• None
Mr J Green	Director of Finance until 1.10.12	• None
Dr A Phillips	Public Health Representative until 1.10.13	• Wolverhampton Wanderers Community Trust - Trustee • Joint Appointment with Wolverhampton City Council • Member of British Medical Association • Faculty of Public Health - Fellow
Mr R Haynes	Assistant Chief Executive – Communications	• Director – Rock House Communications Ltd
Ms M Madders	Assistant Chief	• None

	Executive - HR/OD	
Ms V Little	Director of Public Health	• Governor of Castle High School Foundation • Director, Ephraim Estates Ltd • Co-opted member of Central Dudley Area Committee
Mrs K Sharpe	Assistant Chief Executive – Board Secretary/Director of Governance and Handover	• Company Secretary, MS Consulting and Research Ltd • Director – Railway Walk (Breme Park) Management Committee • Trustee, Redditch Nightstop
Dr David Hegarty	Chair – Dudley CCG	• GP – Wychbury Medical Centre, Dudley • Director – DM Hegarty Ltd
Dr Nick Harding	Chair – Sandwell and West Birmingham CCG	• Handsworth Wood medical centre. Partner and property share owner • Vitality Partnership, partner and director of subsidiary companies • Vineyard Churches UK & I, Trustee • Royal College of General Practitioners (RCGP), GP trainer, GP examiner • Home Office – Birmingham Crematorium Appointed doctor • Health & Safety Executive for Asbestos, Ionising Radiation, and Lead medicals, Appointed doctor • Maritime Coastguard Agency, Appointed doctor • Faculty of Medical Leadership & Management, Member
Dr Amrik Gill	Walsall CCG chair	• None
Dr Dante DeRosa	Wolverhampton City CCG	British Medical Association (BMA) - Member Royal College of General Practitioners (RCGP) - Member Appraisal GP Occasionally chair meetings for Pharmaceutical Times
Sharon Annakie	Non Executive Director (until Jan 2013)	Adaiah Care Ltd Owner & Director Soroptimists International Great Britain & Ireland Member
Rod Anthony	Non Executive Director	NHS Institute for Innovation & Improvement Director Amandor Ltd Owner & Director Audit Commission; Finance and Efficiency Advisory Group Member Social and Local Community Interest Company Chairman
Nicola Benge	Cluster Public Health lead until October 2012	Leicestershire NHS Cluster - Partner is a Director
Rachel Hardy	Director of Finance	Married to the Chief Executive of University

	until October 2012	Hospitals Coventry and Warwickshire
Barry Henley	Non Executive Director	• Birmingham City Council Elected member • Academy of Youth University of the First Age Trustee
Denise McLellan	Chief Executive until October 2012	Maidstone & Tunbridge Wells Hospital - Sister is a Manager
Brendan O'Brien	Non Executive Director	BT plc Employee Heart of England Foundation Trust - Wife and daughter employees
Jenni Ord	Chairman	West Midlands Heritage Lottery Fund Committee Member Stourbridge College Governor Chair West Midlands Local Education & Training Board (WMLETB) – 1st October 2012 Midland Heart Co-opted Member of Health & Social Care Committee – January 2013
Christine Parkinson	Non Executive Director	• Bethel Health and Healing Network Trustee and Director • Gilgal Refuge Management Committee member • Jericho Community Business Co-founder • Advocacy Support for vulnerable young adults Unofficial (voluntary) • West Midlands Third Sector Strategic Forum Elected member
Denise Price	Director of Nursing and Quality until October 2012	None
Diane Reeves	Medical Director until October 2012	St. Peter's Parochial Church Council, Harborne, Birmingham Elected Member St. Peter's CE Primary School, Harborne, Birmingham PCC Governor British Medical Association Member Royal College of General Practitioners Member
Michael Smith	Non Executive Director	Acacia Family Support Vice Chairman
Peter Spilsbury	Director of Commissioning Development until 1 October 2012	City of Birmingham Symphony Orchestra Trustee on Board Health Services Management Centre, University of Birmingham Honorary Fellow
John Taylor	Non-Executive Director/Audit Chair	UK Athletics Ltd Director BaS Lift Ltd (Birmingham & Solihull LIFTCo) Chair Prima 200 Ltd (Stoke & Staffordshire LIFTCo) Chair Autism West Midlands Trustee and Director

Anand Chitnis	Solihull Health CCG Chair	The Castle Practice GP Partner NHS West Midlands GP Trainer Solis Health Consortium Director & Board Member General Medical Council Registrant British Medical Association Member Royal College of Gener al Practitioners Fellow Medical Defence Union Member Midland Institute of Otorhinolaryngology Member Primary Care Mental Health Education (PRIMHE) Member Newman Holiday Trust registered charity 326429, Chairman and Trustee
Andrew Coward	Birmingham South Central CCG Chair	Kings Norton Surgery GP – Senior Partner; Wife a GP at this practice South Doc Services Minor shareholding Royal College of GPs Member British Medical Association Member Medical Defence Union Member Labour Party Member
Gavin Ralston	Birmingham Cross City CCG Chair	Lordswood Practice GP Birmingham LMC Member
Peter Hay	Strategic Director, Adults and Communities, Birmingham City Council	- Charitable Trustee for ADASS (Association of Directors of Adult Social Services) and CIC (Community Integrated Care) - Chair of Research in Practice for Adults, Dartington.

2012-13 Annual Accounts of Dudley, Sandwell, Walsall and Wolverhampton Primary Care Trusts

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

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 trusts;
- the expenditure and income of the primary care trusts 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: Wendy Saviour

Date.....20 June 2013.....

Annual Governance Statement – 2012/13
Dudley Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Dudley, Sandwell, Walsall and Wolverhampton City PCTs. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Dudley Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel. The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act 2012.

Throughout 2012-13 the Chief Executive had responsibility for the systems of internal control for the Healthcare Commissioning Services (HCCS). The Chief Executive continued to have responsibility for the systems of internal control for a number of services provided to Dudley & Walsall Mental Health Partnership Trust for all or part of the financial year, including IT; finance and accounting; procurement and estates and facilities.

I have ensured that the PCT, through the joint sub-committee of the Cluster, has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director.

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two public/patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 82 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition. This includes Local Security Management Service; compliance with the Health and Safety at Work Act; Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks, identified in 2012-13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks that are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework. The Head of Internal Audit Opinion stated that an Assurance Framework has been in place and was suitably designed and operating to meet the requirements of the 2012-13 Annual Governance Statement (AGS) and provides reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March).

There have been two breaches of data security in year. A GP vehicle was stolen which contained encrypted tape back-ups of an EMIS system and two paper patient record extracts, and there were two incidents that involved faxes being sent to the incorrect number. Neither of these breaches were considered to be significant control issues.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the ‘confidential’ option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance

area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011-12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012-13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, complaints and claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence

- Receiving assurance from Internal Audit that the Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for funds held on trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster audit committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. Internal audit reviews have provided moderate assurance in relation to primary care contractor payment systems operating in Dudley PCT, and some post-implementation issues regarding the introduction of NHS SBS financial systems (from 1 October 2012) around roles, responsibilities, and resources, supplier set up and urgent payment processes and control account reconciliations.

Pension

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit (HoIA) Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. It was Internal Audit's view, taking account of the respective

levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that Dudley PCT has a generally sound system of internal control. Notwithstanding this, Internal Audit raised concerns towards the end of the financial year regarding the transition of certain systems and processes to NHS England (as receiving organisation following the abolition of the PCT) including:

- The future maintenance of primary care contractor payment systems across the Black Country, given the lack of resilience in this area identified through their audit work
- The lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors.

Internal Audit were also concerned that there are significant financial challenges, uncertainties and risks associated with the delivery of future financial balance for Dudley CCG as it takes on the commissioning responsibilities of the demising PCT, although at this stage the CCG has made plans to mitigate these.

Management Assurance

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

I am aware that a number of acute hospital services providers are being reviewed nationally by NHS England with regard to outlying mortality rates (using the Hospital Standardised Mortality Ratio), and one of these is the Dudley Group NHS Foundation Trust, which is the predominant provider of acute services to the Dudley population. Dudley CCG will monitor the progress and outcomes of this review and take action accordingly as the lead commissioner of services from Dudley Group NHS Foundation Trust going forward.

Conclusion

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

My review confirms that Dudley PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

Significant Control Issues

There were no significant control issues during 2012/13.

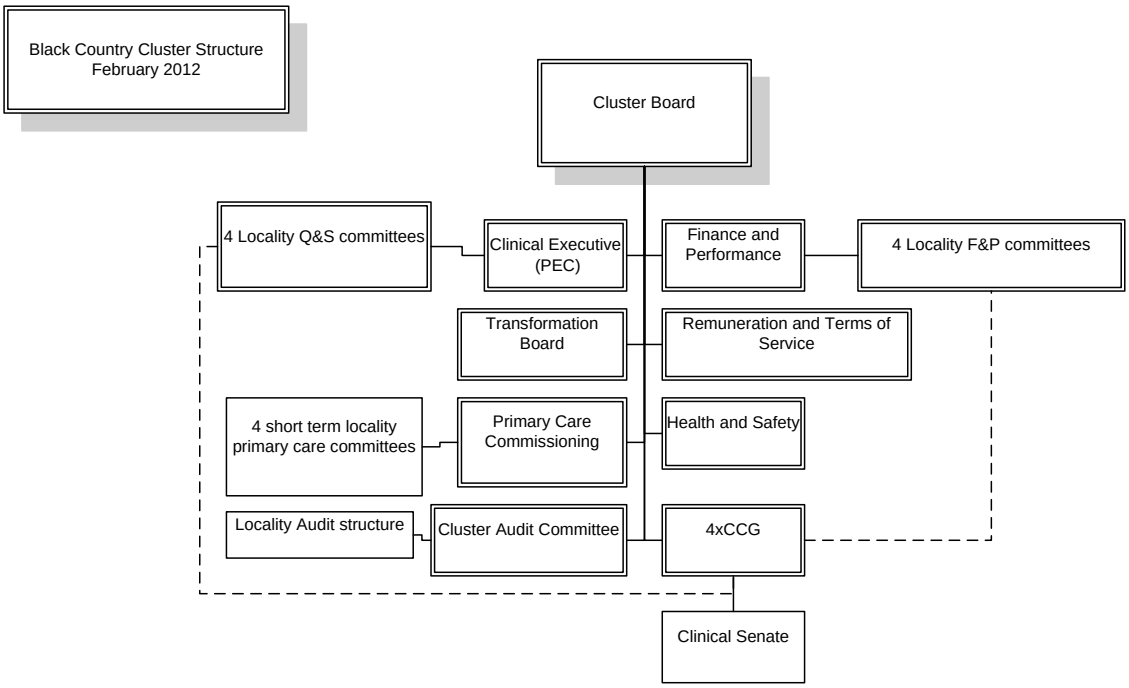
Accountable Officer: Wendy Saviour

Organisation: Dudley PCT

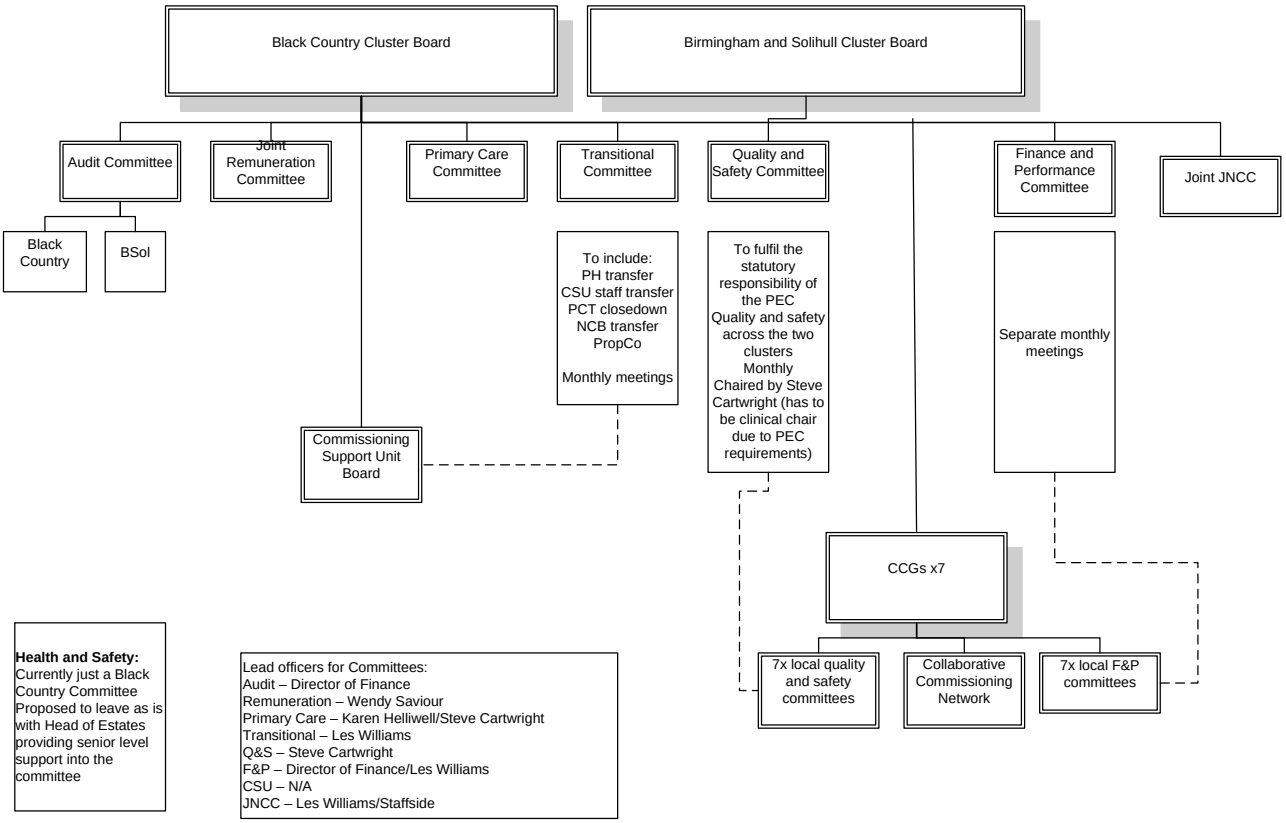
Signature:

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, February 2013

Copy of board Assurnace Frameworl

Annual Governance Statement – 2012-13
Sandwell Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Sandwell PCT, Dudley PCT, Walsall PCT and Wolverhampton PCT. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Sandwell and West Birmingham Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in the Black

Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive

- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two public/patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 82 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and

reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks, identified in 2012-13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012-13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March).

There have been no breaches of data security in year.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to risk management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with

quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011-12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance.

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for funds held on trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to Sandwell PCT.

Pension

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that there is generally a sound system of internal control designed to meet the organisations objectives and gives an overall level of significant assurance.

The opinion did identify some weakness relating to Primary Care contractor payments, and a specific contract for the supply of tissue viability equipment. Specifically for Primary Care contractors, this related to the resilience and availability of resources, and controls relating to the oversight of budgets. This will be addressed through the Birmingham, Solihull and Black Country Area Team during the new financial year.

With regard to the contract for tissue viability equipment, professional advisors were appointed by Sandwell PCT and the ongoing conclusion of this issue will be addressed by Sandwell and West Birmingham CCG.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012-13.

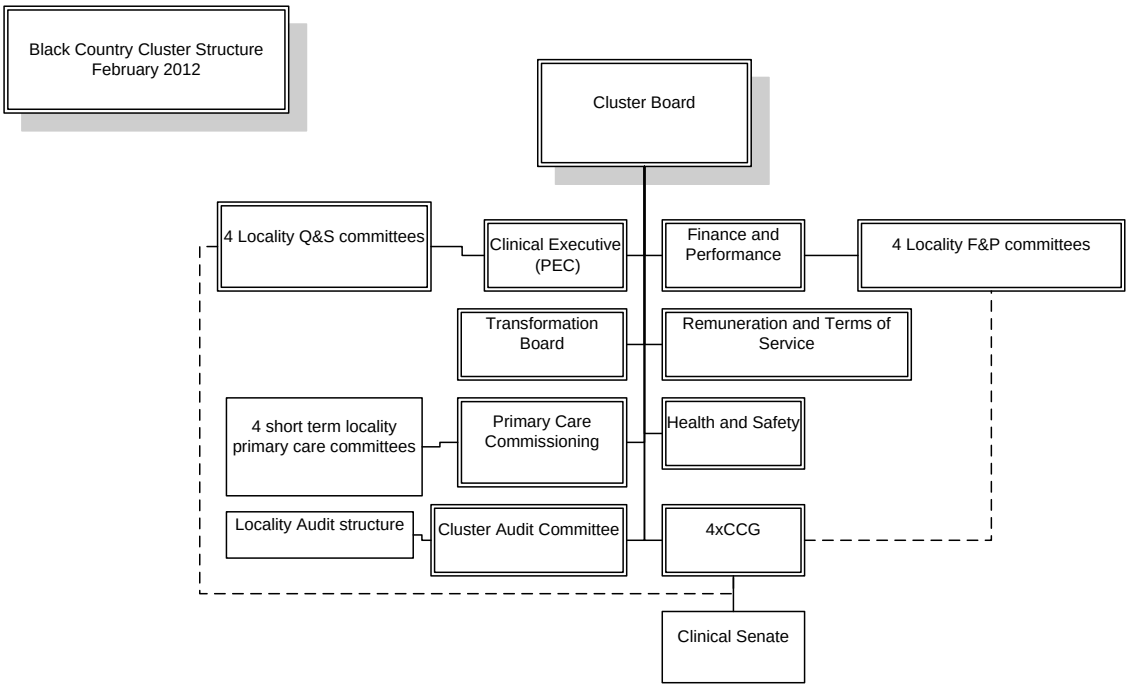
Accountable Officer Name: Wendy Saviour

Organisation: Sandwell PCT

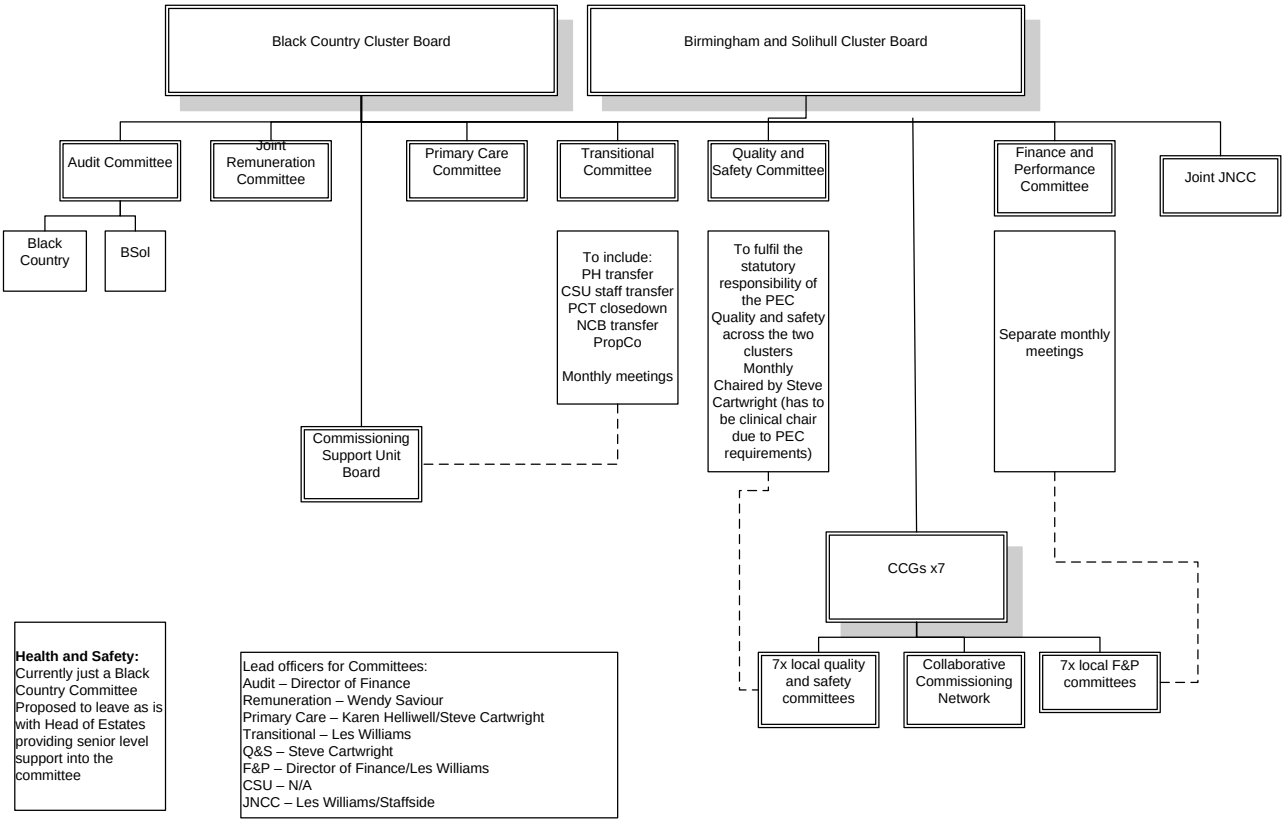
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, February 2013

Copy of board Assurnace Frameworl

Annual Governance Statement – 2012-13

Walsall Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012-13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011-12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes Dudley, Walsall, Wolverhampton and Sandwell PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Walsall Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new Healthwatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act 2012.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents was also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two public/patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 82%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFIs and the Scheme of Reservation and Delegation were all

reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board, all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks,identified in 2012-13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012-13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March).

There has been one breach of data security in year.

There has been one serious incident reported to the CCG during the 2012-13 period. This involved a query regarding the appropriate access to a patient's record. It was established that this was not the case however a number of safeguard measures were introduced to address some issues that were highlighted during the investigation.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011-12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day-to-day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as ‘red’ on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster’s Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012-13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster’s approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations, in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster’s progress against its strategic and operational objectives

- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee.

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and

gives significant assurance with regard to the management of risk in the core financial systems.

It was Internal Audit's view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that Walsall PCT has a generally sound system of internal control. Notwithstanding this, Internal Audit raised concerns towards the end of the financial year regarding the transition of certain systems and processes to NHS England (as receiving organisation following the abolition of the PCT) including:

- The future maintenance of primary care contractor payment systems across the black country, given the lack of resilience in this area identified through their audit work
- The lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors.

Internal Audit were also concerned that there are significant financial challenges, uncertainties and risks associated with the delivery of future financial balance for Walsall CCG as it takes on the commissioning responsibilities of the abolished PCT, although at this stage the CCG has made plans to mitigate these.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

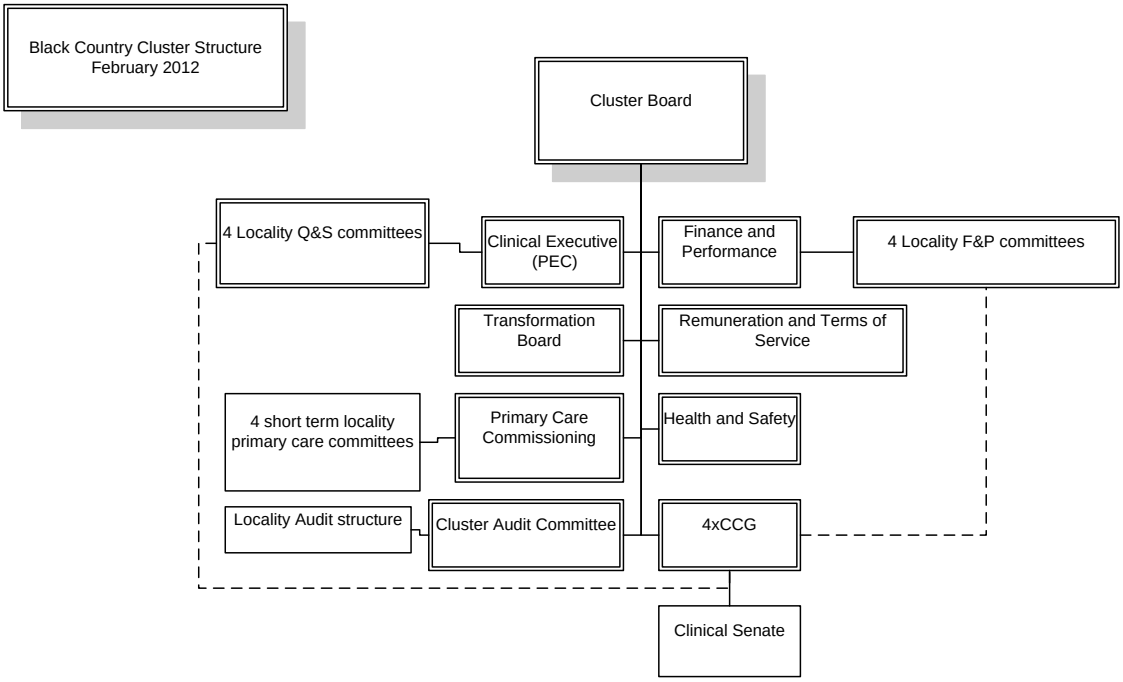
Accountable Officer: Name Wendy Saviour

Organisation: Walsall PCT

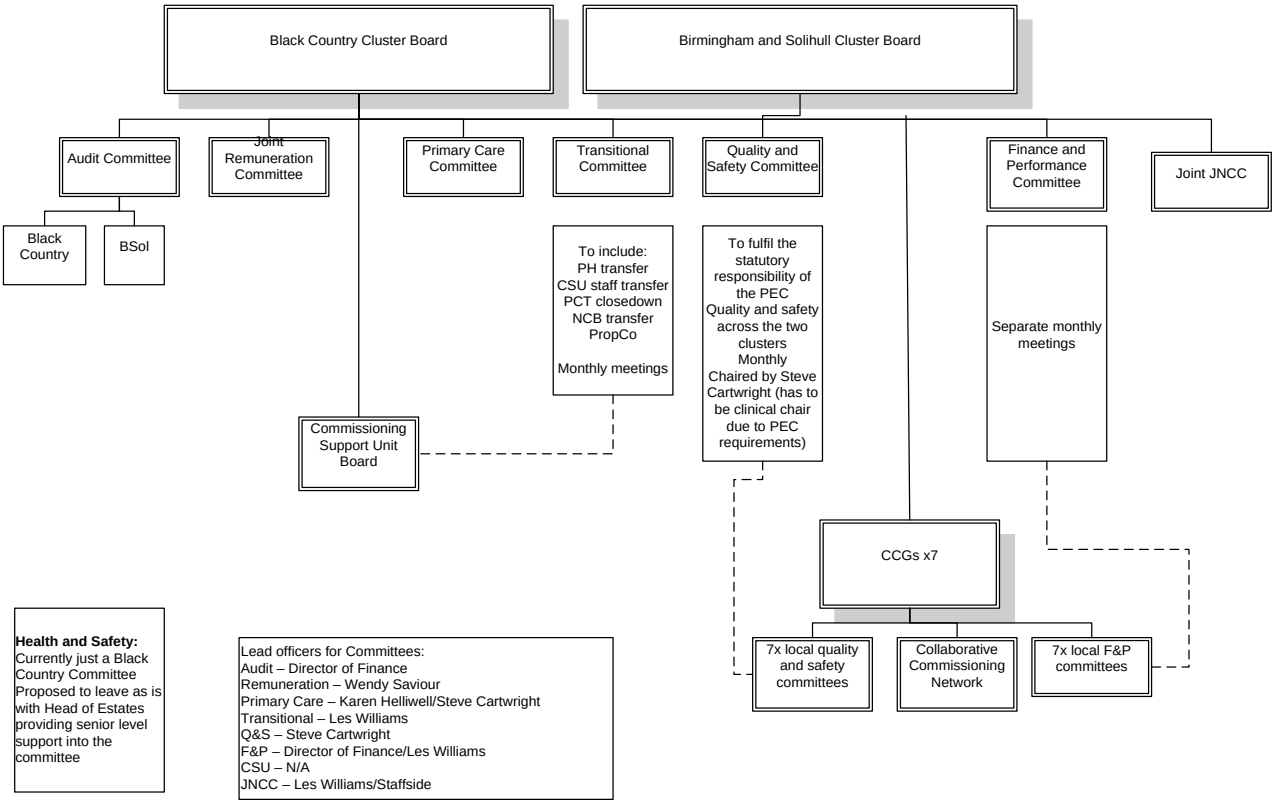
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, February 2013

Copy of board
Assurnace Frameworl

Annual Governance Statement – 2012/13
Wolverhampton City Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012-13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Wolverhampton, Walsall, Sandwell and Dudley PCTs. This arrangement has continued throughout the duration of 2012-13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Wolverhampton Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012-13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the

locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Wellbeing Board. The Cluster has also been directly represented on each of the Shadow Health and Wellbeing Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act 2012.

I have ensured that the PCT, through the joint sub-committee of the Cluster, has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiently, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims.

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect from 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive

Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two public/patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012-13 is 82 per cent.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012-13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012-13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference, which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The Board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is

shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks, identified in 2012-13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012-13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March).

There has been 1 breach of data security in year.

Wolverhampton PCT – one e-mail breach which has been resolved - this involved the use of the incorrect NHSmail address as such there was no outside NHS breach; this did not need to be reported to the Information Commissioner.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and BlackBerries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control Framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commissions from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example its assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the Health and Social Care Act).

The Cluster was conscious that the year 2012-13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality were not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

<u>Audit Committee reports</u>

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012-13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster audit committee.

Pension

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core systems.

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

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

Significant Issues

Never Events at Royal Wolverhampton Hospitals Trust

There were four of these reported to the PCT during 2012-13 and each of them has been the subject of discussion and remedial action planning through the Clinical Quality Review meetings with the Trust and our local Quality and Safety Committee. All four were related to 'retained' swabs, instruments etc. post-op. Of the four events, one was reported in April for an incident that occurred in February 2012 and

so the incident did not occur in the last financial year. However this demonstrates the excellent working relationship and trust that exists between the provider and commissioner. There have also been announced and unannounced quality review visits to the relevant locations of the Trust.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

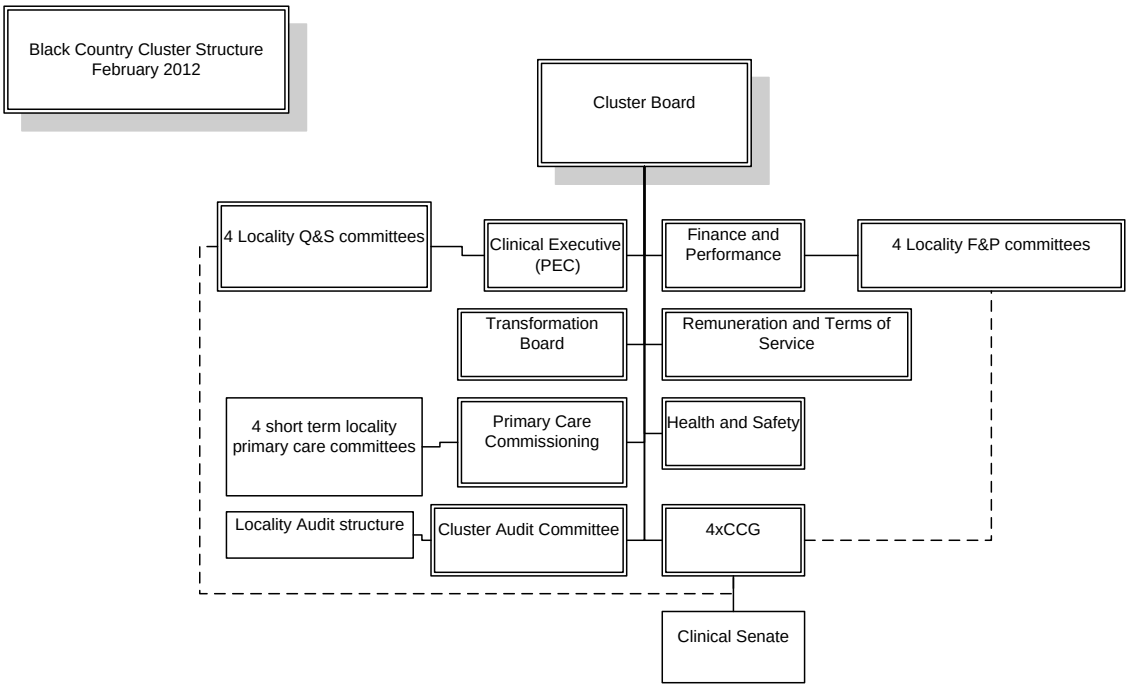
Accountable Officer: Name Wendy Saviour

Organisation: Wolverhampton City PCT

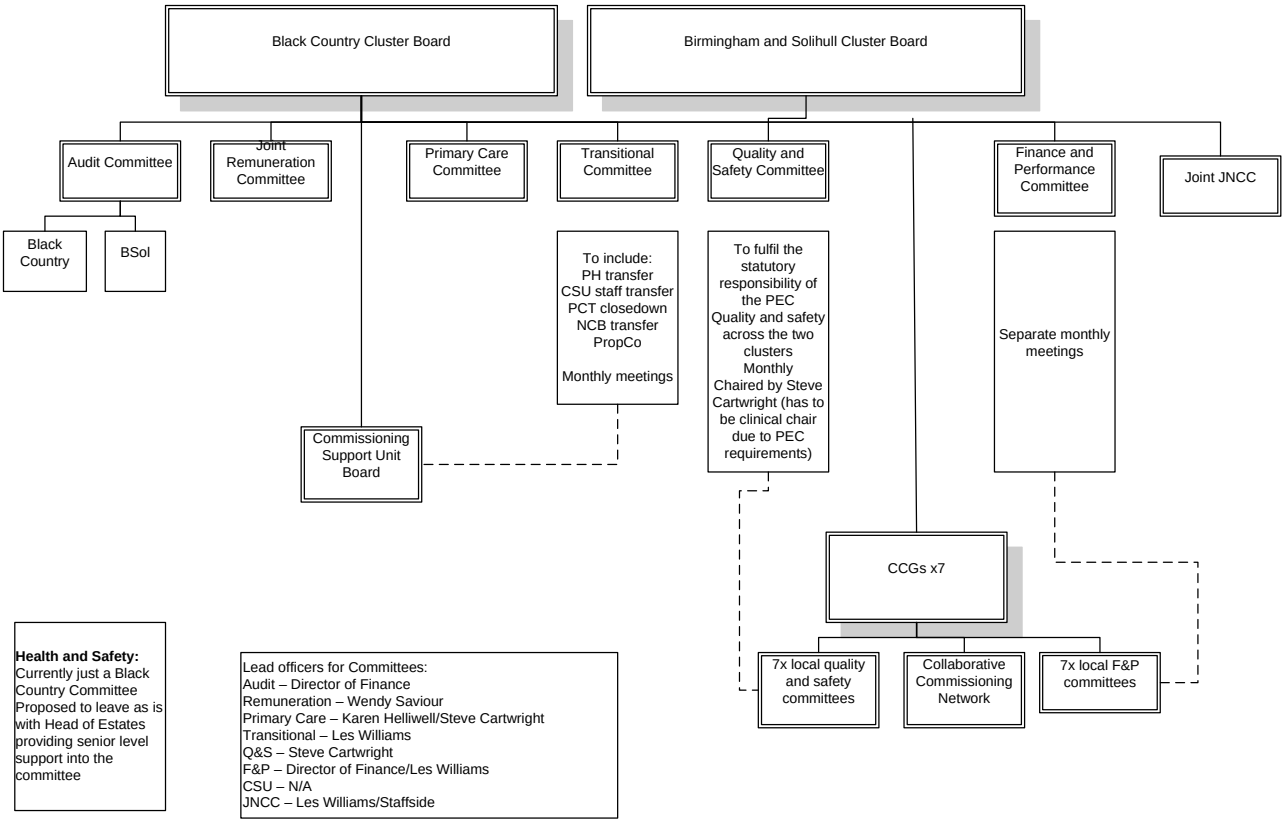
Signature

Date: 20 June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Appendix 3: BAF Cluster Board, February 2013

Copy of board Assurnace Frameworl

Black Country Cluster

Board Assurance Framework 2012/13

Principle Risks	Accountability Owner	Accountability Sponsor	Initial Risk Score L x C	Key Controls	Gaps in Control	Gaps in Assurance	Residual Risk Score	Management Assurance	Actions	Destination	
Principle Objective 1: Establish robust performance management systems across the Black Country Cluster											
1.1 Loss of staff expertise, capacity and organisational memory		M Madders/K Sharpe	4.11 x 4.44 + 18.25	Legacy document, Skills Exchange, Critical Role analysis	None	None	3 x 4 = 12	Legacy documents at PCT Boards and Cluster Board June 2011, skills exchange, implementation of the cluster transitions process, PCTs workforce plan. Legacy document approval from SHA	Ongoing	None	
1.2 Failure to achieve data accuracy and consistent data definitions		J Green	3.11 x 3.89 = 12.10	Data Validation by HCS, advice on definitions from HCS & PCT informatics expert	None	None	3 x 4 = 12	Monthly reconciliations by HCS with Acute Trust, Monthly contract performance meetings with Trusts	No update Dec 2011	None	
1.3 Failure to agree consistent reporting systems and control systems		J Green	3.00 x 3.89 = 11.67	Monthly process of consolidating performance across the Cluster	None	None	3 x 4 = 12	Cluster Board Finance & Perfomance reports		None	
Principle Objective 2:											
2.1 Failure to control demand		S Cartwright	3.89 x 4.33= 16.84	New QOF Cluster urgent/emergency care strategy. Policy for procedure of LCV. Intensive support is being given to the E/D at SWBH to improve quality of care, performance against indicators has not fallen.	Gaining consensus through clinical senate on policy and agreeing commissioning group configuration	None as performance reports should show each economy performance	3 x 4 = 12	Performance reports and actions will be to Board through performance reports	Updated Jan 2012 as performance reports show progress. Score reduced from Amber to Green. Needs to be monitored. Score increased back to Amber	All CCGs	
2.2 Failure to agree a robust delivery plan with provider services		A Williams	3.44 x 4.44 = 15.27	Contracts with Providers and delegated plans to CCG's	None	None	3 x 4 = 12	QIPP plans agreed and reflected in contracts and delegation to CCG's.	No change Jan 2012	All CCGs	
2.3 Failure to tackle Health Inequalities		Adrian Phillips	3.75 x 4.00 = 15.00	Improvement in major social policy areas of marmot- eg early years, young people's employment, reduign inequalities in income, improving working conditons, environments, improving health promotion by risk reduction across social gradients	Current economic climate and other failures of government investment in the marmot areas	Investment plans not commensurate with levels iof health ineqaulity; data collection and health inequality impact assessment long measures	4X4=16	Health improvement strategies and public investment programmes		All CCGs	
2.4 Lack of involvement and ownership of QIPP process by key stakeholders particularly local government and GP Consortia		J Green	3.44 x 4.11 = 14.14	QIPP plans in the process of being devolved to CCGs, Cluster, & LA/Public Health divisions. Central PMO being established to oversee, performance manage, & challenge the divisions in their delivery.	None	None	2 x 2 = 4	Performance is being reported through finance reports. Forecast of 10% overachievement by end of year. Quarterly assurance challenge meetings in place	Updated Dec 2011, score reduced	None	
2.5 Lack of focus and resources to implement the QIPP scheme		J Green	3.11 x 4.33 = 13.47	A substantial proportion of the QIPP schemes have been included within signed contracts, therefore external stakeholders are committed to delivery targets.	None	None	2 x 2 = 4	Performance is being reported through finance reports. Currently on target to overachieve by 10%	Updated Dec 2011, score reduced	All CCGs	
2.6 Variance between PCT's levels of delegation to consortia and consortia's ability to deliver on QIPP		A Williams	3.22 x 3.67 =11.82	Schemes of Delegation	Still variability in consortia	Consortia are still in development	2 x 4 = 8	Delegation agreed and development work on going	Pattern of CCG's now mostly established. Consistent approach being taken across the Cluster	None	
Principle Objective 3:											

Principle Risks	Accountability Owner	Accountability Sponsor	Initial Risk Score L x C	Key Controls	Gaps in Control	Gaps in Assurance	Residual Risk Score	Management Assurance	Actions	Destination	
3.1 Failure to agree a stable pattern of GP consortia		A Williams	3.67 x 4.11 = 15.08	Development of the Consortia still underway	Pattern not finalised	Pattern not finalised	2 x 2 + 4	Development work underway with good engagement through Consortia lead groups.	Pattern now established in all areas other than Wolverhampton. Further work planned for this area	None	
Principle Objective 4: Develop a cluster wide strategy for quality improvement											
4.1 Failure to maintain adequate resources		S Ali/S Cartwight	3.56 x 4.33 = 15.41	Strategic priorities and assessment of risks. Monitoring turnover of key staff, monitoring of clinical incidents and trend analysis re emerging and enduring risks. Involvement of senate. New quality lead strucutre in place and has addressed resources for the quality agenda. Extra resources in place for Dudley through the CCG	None		2 x 2 - 4	Board reports, incident data, workforce data, minutes from clinical senate. Quality leads functioning and Black Country better care operational group meeting monthly sharing lessons and working on quality issues together.		NCB	
4.2 Failure to achieve a common data sets, indicators and systems		S Ali	3.56 x 3.78 = 13. 46	Leadership from medical and nursing directors. quality lead in each CCG. Clear line of sight from CCG thru to cluster board. Reports from CCG to Cluste Board via Clinical Executive.		None	2 x 4 = 8	Clinical exec minutes. CCG composition.		NCB	
4.3 Inadequate leadership focus on quality issues		S Ali/S Cartwright	2.78 x 4.33 = 12.04	Clinical Executive in place as a committee to the Board with agreed ToR, membership from all CCG's. MD and Director of Nursing lead on quality agenda with quality team established at PCT and CCG level. Each CCG has a lead for quality and they are supporting the Cluster quality leads for their locality. CCGs now engaged and preparing for authorisation.		None	2 x 2 = 4	Clinical exec minutes. Report to Cluster Board. Monthly reports from the leaders presented at Clinical Executive by clinical Leads.		NCB	
4.4 Failure to reconcile differing local priorities		L Williams	3.11 x 3.78 = 11.76	Clinical Executive and Clinical Senate agree priorities. The cluster System Plan 2012/2013 has co-ordianted and codified these in detail	None the Cluster Board will decide if there is a failure to reconcile differences.	None the system plan has been sign off by the Clinical Senate, CCG Boards, Cluster Board and the SHA	1 X 3 = 3	System Plan, system Plan Implementation Plan Board minutes	Medical Director to ensure that there is a robust process of engagement during the development of the strategy. Continuing reports on progress to cluster Board through updates on System Plan Implementation Risk update September 2012	None	

Principle Risks	Accountability Owner	Accountability Sponsor	Initial Risk Score L x C	Key Controls	Gaps in Control	Gaps in Assurance	Residual Risk Score	Management Assurance	Actions	Destination	
4.5 Failure to maintain cluster wide stakeholder engagement		R Haynes	3.11 x 3.78 = 11.76	Appointment of 2 x PPI reps on Cluster Board. Stakeholder brief and stakeholder event took place Creation of Cluster website to make Board papers and other information widely available. Circulation of information including details of Cluster appointments and summary of Board discussions to key stakeholders including PCT staff, Consortia chairs, Provider organisations, Overview and Scrutiny Committees. More joined up Cluster wide approach to responding to media inquiries.	Lack of regular channel (apart form website)for general stakeholder engagement. Possible gap (or overlap) in work being carried out by Cluster Communications team and individual PCT involvement/engagement team.	None	2 x 3 = 6	Board minutes Website Copies of briefings, monitoring of distribution, feedback from recipients	Develop and distribute regular stakeholder brief. Further stakeholder event spring 2012	None	
Principle Objective 5: Lead the organisational development programme and the deployment of the workforce across the Cluster to secure service delivery and a successful transition											
5.1 Loss of key staff during transition		M Madders	4.11 x 4.22 = 17.34	Planned exit schemes eg MARS validation panel ensures that key skills are not lost to the organisation. Natural turnover is monitored and reported to the Cluster Board	None	None, the Assistant Chief Executive - HR will present workforce reports to the Cluster Board	1 x 4 = 4	Board Report	Updated August 2012	None	
5.2 Problems caused by lack of staff engagement leading to lack of ownership of the objectives of the cluster		R Haynes	3.44 x 4.00 = 13.76	More standardised approach across Cluster to internal communications, with weekly e-briefings and monthly face to face briefings. Staff communications to include regular cluster updates. Creation of Cluster website to make Board papers and other information widely available. Circulation of information including details of Cluster appointments and summary of Board discussions to	Lack of clarity or confusion over objectives	None	3 x 3 = 9	None	Produce accessible summaries covering key objectives (e.g. QIPP plans, System Plans). No change Encourage feedback and questions via JNCC, Staff Council, Team Briefs	None	
5.3 Risk caused by imposition of external financial targets		J Green	3.67 x 3.67 = 13.47	Establishment of Cluster wide consistent fiancial planning & scenorio modelling. QIPP 'Plan B' options in System Plan would provide potential further savings opportunities if necessary	None	None	2 x 2 = 4	System Plan, Cluster fianical modelling template	Updated December 2011. Score reduced	None	

Principle Risks	Accountability Owner	Accountability Sponsor	Initial Risk Score L x C	Key Controls	Gaps in Control	Gaps in Assurance	Residual Risk Score	Management Assurance	Actions	Destination	
5.4 Lack of information regarding a future structure		M Madders/R Haynes	3.56 x 3.67 = 13.07	Organisations to be in a state of readiness for any organisational change. Staff communications to include regular cluster updates as structure develops. Wide circulation of information regarding sills exchange	Unsure of the future architecture of the NHS Undefined future structures for a number of teams. Concerns over further running cost reductions. Lack of clarity over CCGs/Commissioning Support Units and which or how many staff they may employ.	Discussions at Board level	3.56 x 3.67 = 13.07	National guidance imminent. Letter to all staff re transition due to go out end of January. In May 2012, all staff have had letters informing them of their proposed destination organisation and staff have had the opportunity to raise concerns. All staff movements are being tracked and reported to the SHA. Ongoing staff engagement	Implementation of national guidance. Ensure regular updates. Encourage feedback and questions via JNCC, Staff Council, Team Briefs. Recruitment commenced for CCGs. Consultation underway for CSU Updated August 2012	**None**	
5.5 Failure to take care of the individual needs of our staff and responding inflexibly		M Madders	3.25 x 3.88 =12.61	1:1 meetings with all staff. Developing engaging in your future develoment support prrogramme	None, Cluster Board will monitor workforce activity	None, the Assistant Chief Executive - HR will present workforce reports to the Cluster Board	1 x 4 = 4	Board report	Implementation and monitoring of uptake of programme activities. Planned additional programme of support pre and post interview to complement engagement strategies are on going. Updated August 2012	None	
5.6 Failure to invest in IT solutions to support organisational development		J Green	3.25 x 3.63 11.80	Cluster wide review of IT services has been commissioned to look at the future requirements of CCGs, Cluster, Commissioning Support Services, and LA/Public Health.	In the absence of a clear strategy, there is a risk of loss of valuable staffing resources which could affect service delivery.	Currently have a dispersed situation regarding provision. Combination of PCT, Acute Trust, and Mental Health trust providers.	3 x 4 = 12	Interim solutions to secure continued delivery have been implemented at Dudley PCT. Service review is underway.	Acting DoF to lead review of services	None	

Department of Health

NHS

Dudley Primary Care Trust

2012-13 Accounts

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Dudley Primary Care Trust

2012-13 Accounts

2012-13 Annual Accounts of Dudley Primary Care Trust

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

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

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

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

Signed.....Designated Signing Officer

Name: W E SAVIOUR

Date 06:06:13

2012-13 Annual Accounts of Dudley Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

06:06:13 .....Date ....Signing Officer

06:06:13 .....Date ....Finance Signing Officer

Annual Governance Statement – 2012/13
Dudley Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Dudley, Sandwell, Walsall and Wolverhampton City PCTs. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Dudley Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel. The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

Throughout 2012/13 the chief executive had responsibility for the systems of internal control for the Healthcare Commissioning Services (HCCS). The chief executive continued to have responsibility for the systems of internal control for a number of services provided to Dudley & Walsall Mental Health Partnership Trust for all or part of the financial year, including IT; finance and accounting; procurement and estates and facilities.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiency, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

<u>The Board</u>

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two Public/Patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 82%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

<u>Board committee structure</u>

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner

that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes Local Security Management Service; compliance with the Health and Safety at Work Act; Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework. The Head of Internal Audit Opinion stated that an Assurance Framework has been in place and was suitably designed and operating to meet the requirements of the 2012/13 AGS and provides reasonable assurance that there is an effective system of internal control to manage the principal risks identified by the organisation.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been two breaches of data security in year. A GP vehicle was stolen which contained encrypted tape back-ups of an EMIS system and 2 paper patient record extracts, and there were two incidents that involved faxes being sent to the incorrect number. Neither of these breaches were considered to be significant control issues.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meet monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal Audit that the Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic

identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. Internal audit reviews have provided moderate assurance in relation to primary care contractor payment systems operating in Dudley PCT, and some post-implementation issues regarding the introduction of NHS SBS financial systems (from 1 October 2012) around roles, responsibilities, and resources, supplier set up and urgent payment processes and control account reconciliations.

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit (HoIA) Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. It was Internal Audit's view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that Dudley PCT has a generally sound system of internal control. Notwithstanding this, Internal Audit raised concerns towards the end of the financial year regarding the transition of certain systems and processes to NHS England (as receiving organisation following the abolition of the PCT) including:

- The future maintenance of primary care contractor payment systems across the black country, given the lack of resilience in this area identified through their audit work
- The lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors.

Internal Audit were also concerned that there are significant financial challenges, uncertainties and risks associated with the delivery of future financial balance for Dudley CCG as it takes on the commissioning responsibilities of the demising PCT, although at this stage the CCG has made plans to mitigate these.

Management Assurance

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

I am aware that a number of acute hospital services providers are being reviewed nationally by NHS England with regard to outlying mortality rates (using the Hospital Standardised Mortality Ratio), and one of these is the Dudley Group NHS Foundation Trust, which is the predominant provider of acute services to the Dudley population. Dudley CCG will monitor the progress and outcomes of this review and take action accordingly as the lead commissioner of services from Dudley Group NHS Foundation Trust going forward.

Conclusion

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

My review confirms that Dudley PCT had in place a generally sound system of internal control that supported the achievement of its policies, aims and objectives.

Significant Control Issues

There were no significant control issues during 2012/13.

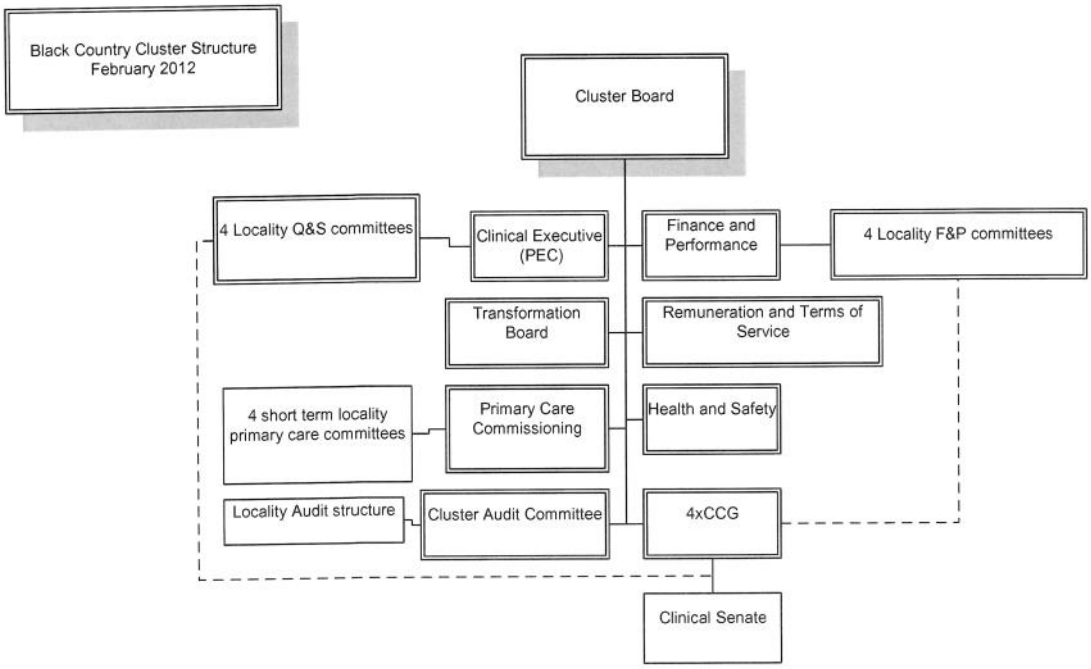
Accountable Officer: Wendy Saviour

Organisation: Dudley PCT

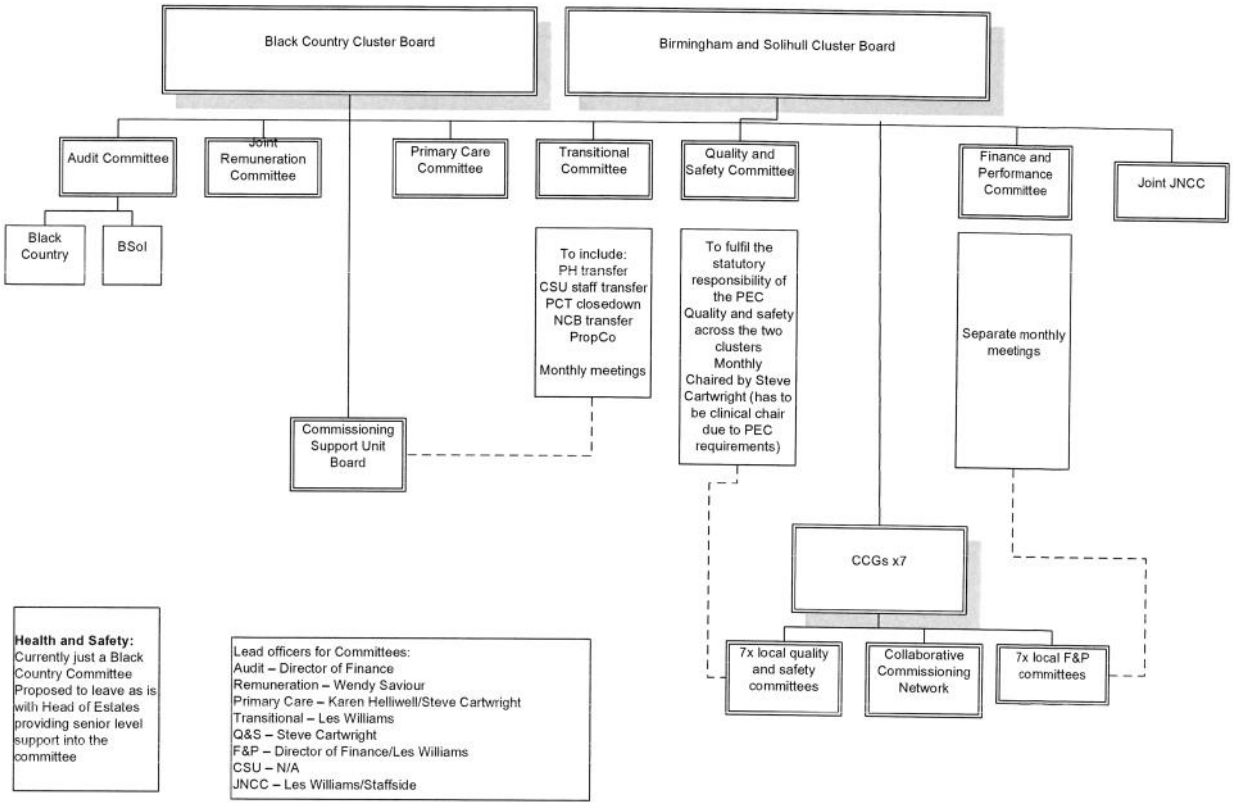
Signature: W Saviour

Date: 06.06.13

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF DUDLEY PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers within the columns labelled 'Salary Paid by Dudley PCT' and related narrative notes on pages 54 to 55;
- the table of pension benefits of senior managers and related narrative notes on pages 56 to 57; and
- the pay multiples narrative specifically identified as relating to Dudley PCT on page 55.

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

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

- our review of the annual governance statement.

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

Certificate

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

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

Grant Thornton UK LLP,
Colmore Plaza,
20 Colmore Circus,
Birmingham,
B4 6AT

7 June 2013

FOREWORD TO THE ACCOUNTS

DUDLEY PRIMARY CARE TRUST

These accounts for the year ended 31 March 2013 have been prepared by the Dudley Primary Care Trust under sections 272(7) & (8) and 273(1) & (4) of, and paragraph 3(1) of schedule 15 to, the National Health Service Act 2006 in the form which the Secretary of State for Health has, with the approval of the Treasury, directed.

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**15,248**	19,525
Other costs	5.1	**534,990**	515,750
Income	4	**(23,901)**	(26,144)
Net operating costs before interest		**526,337**	509,131
Investment income	9	**(93)**	(67)
Other (Gains)/Losses	10	**(14)**	(302)
Finance costs	11	**2,234**	2,431
Net operating costs for the financial year		**528,464**	511,193
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**528,464**	**511,193**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**11,557**	15,244
Other costs	5.1	**6,478**	6,548
Income	4	**(7,442)**	(10,292)
Net administration costs before interest		**10,593**	**11,500**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	34
Net administration costs for the financial year		**10,593**	**11,534**
Programme Expenditure			
Gross employee benefits	7.1	**3,691**	4,281
Other costs	5.1	**528,512**	509,202
Income	4	**(16,459)**	(15,852)
Net programme expenditure before interest		**515,744**	**497,631**
Investment income	9	**(93)**	(67)
Other (Gains)/Losses	10	**(14)**	(302)
Finance costs	11	**2,234**	2,397
Net programme expenditure for the financial year		**517,871**	**499,659**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**884**	104
Net (gain) on revaluation of property, plant & equipment	**(1)**	(189)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**529,347**	**511,108**

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

The notes on pages 5 to 44 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**43,015**	49,912
Intangible assets	13	**389**	1,243
Investment property	15	**0**	0
Other financial assets	21.2	**783**	832
Trade and other receivables	19	**749**	368
Total non-current assets		**44,936**	52,355
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**2,502**	10,265
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**35**	16
Total current assets		**2,537**	10,281
Non-current assets held for sale	24	**174**	714
Total current assets		**2,711**	10,995
Total assets		**47,647**	63,350
Current liabilities			
Trade and other payables	25	**(26,347)**	(34,021)
Other liabilities	26,28	**0**	0
Provisions	32	**(7,055)**	(6,241)
Borrowings	27	**(744)**	(694)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(34,146)**	(40,956)
Non-current assets plus/less net current assets/liabilities		**13,501**	22,394
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(3,086)	(4,903)
Borrowings	27	(28,689)	(29,433)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(31,775)**	(34,336)
Total Assets Employed:		**(18,274)**	(11,942)
Financed by taxpayers' equity:			
General fund		(25,900)	(20,663)
Revaluation reserve		7,626	8,721
Other reserves		0	0
Total taxpayers' equity:		**(18,274)**	(11,942)

The notes on pages 5 to 44 form part of this account.

The financial statements on pages 1 to 4 were approved by the Black Country Audit Committee on 6th June

Area Director: W Davies **Date:** 06.06.13

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**(20,663)**	**8,721**	**0**	**(11,942)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(528,464)			**(528,464)**
Net gain on revaluation of property, plant, equipment		1		**1**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		(884)		**(884)**
Movements in other reserves			0	**0**
Transfers between reserves*	212	(212)		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(528,252)**	**(1,095)**	**0**	**(529,347)**
Net Parliamentary funding	523,015			**523,015**
Balance at 31 March 2013	**(25,900)**	**7,626**	**0**	**(18,274)**
Balance at 1 April 2011	**(25,024)**	**8656**	**0**	**(16,368)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(511,193)			(511,193)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		189		189
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(105)		(105)
Movements in other reserves			0	0
Transfers between reserves*	19	(19)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(511,174)	65	0	(511,109)
Net Parliamentary funding	515,535			515,535
Balance at 31 March 2012	**(20,663)**	**8,721**	**0**	**(11,942)**

Statement of cash flows for the year ended 31 March 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(526,337)	(509,131)
Depreciation and Amortisation	5,704	3,696
Impairments and Reversals	182	(1,560)
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	(2,195)	(2,397)
Release of PFI/deferred credit	0	0
(Increase)/Decrease in Inventories	0	29
(Increase)/Decrease in Trade and Other Receivables	7,382	(3,375)
(Increase)/Decrease in Other Current Assets	0	0
Increase/(Decrease) in Trade and Other Payables	(7,038)	(8,022)
(Increase)/Decrease in Other Current Liabilities	0	0
Provisions Utilised	(3,290)	(512)
Increase/(Decrease) in Provisions	2,254	6,860
Net Cash Inflow/(Outflow) from Operating Activities	(523,338)	(514,412)
Cash flows from investing activities		
Interest Received	132	60
(Payments) for Property, Plant and Equipment	(1,045)	(736)
(Payments) for Intangible Assets	(393)	(500)
(Payments) for Other Financial Assets	0	0
(Payments) for Financial Assets (LIFT)	0	0
Proceeds of disposal of assets held for sale (PPE)	2,181	584
Proceeds of disposal of assets held for sale (Intangible)	113	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	48	116
Rental Revenue	0	0
Net Cash Inflow/(Outflow) from Investing Activities	1,036	(476)
Net cash inflow/(outflow) before financing	(522,302)	(514,888)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(694)	(649)
Net Parliamentary Funding	523,015	515,535
Capital Receipts Surrendered	0	0
Capital grants and other capital receipts	0	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)	0	0
Net Cash Inflow/(Outflow) from Financing Activities	522,321	514,886
Net increase/(decrease) in cash and cash equivalents	19	(2)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	16	18
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	0	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	35	16

1. Accounting policies

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

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

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

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

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

1.1 Accounting Conventions

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

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

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

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

Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations (see page 6), 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.

Leases - The PCT applies the tests contained in IAS17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available can be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision can be made.

LIFT Contracts - In applying the accounting framework described in IFRIC12 to its LIFT (Local Improvement Finance Trust) schemes, the PCT as assessed these to be reported on the Statement of Financial Position. The PCT has taken the option not to purchase the assets associated with the LIFT schemes it has contracted for. As a consequence the land value is depreciated over the period of the lease.

1. Accounting policies (continued)

1.1 Accounting Conventions (continued)

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

Asset Valuations
Property assets account for the majority of assets employed by the PCT. The valuation of these assets is considered the factor most likely to cause a material adjustment to the carrying amounts of assets and liabilities but it has been agreed that property assets will transfer to Community Health Partnerships (LIFT) and NHS Property Services on 1st April 2013 and this will be on the basis of current Net Book Value. In order to provide an up-to-date, accurate valuation of these assets an external valuer determined the appropriate values of these assets as at 3rd January 2013 adopting the Modern Equivalent Asset valuation technique. This was undertaken as part of the annual desktop valuation exercise and the associated revaluation and impairment details are included in Note 12 (pages 25-27).

Asset Lives
Asset lives for property are assessed by the District Valuer as part of the annual desk-top exercise and amended accordingly in the asset register and financial ledger. Standard lives are applied to non-property assets and these are detailed in note 12.3, page 27.

Provisions
It is recognised that a degree of estimation is inevitable when assessing provisions taking into account potential liability; financial value and timing. The basis of this estimation will depend upon the nature of the provision and the availability of the most appropriate and up to date information and data. The basis used is detailed in the disclosure note for provisions (refer to Note 32, pages 37-38)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled budgets

The PCT has entered into a pooled budget with Dudley Metropolitan Borough Council (DMBC). Under the arrangement funds are pooled under S75 of the NHS Act 2006 for the management of the activities listed below and a memorandum note to the accounts provides details of the joint income and expenditure.

Pooled Budgets
Children with Disabilities
Community Equipment Store
Dudley Falls Service
Independent Living Team / Acquired Brain Injury
Substance Misuse

The pool is hosted by Dudley Metropolitan 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.

1.4 Taxation

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

1.5 Administration and Programme Costs

Treasury has set performance targets in respect of non-frontline expenditure (administration expenditure). From 20011-12 PCTs therefore analyse and report revenue income and expenditure by "admin and programme". For PCTs the Department has defined "admin and programme" in terms of running costs.

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

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

1. Accounting policies (continued)

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

Expenditure on staff is capitalised in the following circumstances:

- Where agency staff with specialist skills have been specifically employed to develop or implement IT assets due to them having skills that do not exist in the PCT or the project is beyond the capacity of employed staff.

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.

LIFT assets are recognised in accordance with the Treasury I-FReM at its fair value in accordance with IAS17. This means the assets will be recorded at the lower of the fair value of the asset or the present vale of the minimum lease payment. As the PCT has taken the option not to purchase, the present value of the minimum lease payments is considered to be the most appropriate method to adopt.

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Donated assets

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

1.10 Non-current assets held for sale

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

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

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

1.11 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.

1.12 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).

1.13 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.

1.14 Employee benefits

Short-term employee benefits

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

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1. Accounting policies (continued)

1.14 Employee benefits (continued)

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.

1.15 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.

1.16 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.

1.17 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.

1.18 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1. Accounting policies (continued)

1.19 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.

1.20 Provisions

Provisions are recognised when the PCT has a present legal or constructive obligation as a result of a past event, it is probable that the PCT will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates of -1.8% up to 5 years inclusive; -1.0% for 6 to 10 years and +2.2% over 10 years (+2.35% in respect of early staff departures) in real terms.

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

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

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

1.21 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset. The PCT regularly reviews its contracts to assess whether there are any embedded derivatives that need to be held separately at fair value. Currently the PCT has no embedded derivatives.

Held to maturity investments

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

Available for sale financial assets

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

1. Accounting policies (continued)

1.21 Financial Instruments (continued)

Loans and receivables

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

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

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

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

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

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

The PCT currently has no financial assets that are loans or receivables.

Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

The PCT currently has no financial liabilities including those at fair value.

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1. Accounting policies (continued)

1.22 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/LIFT 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) LIFT assets, liabilities, and finance costs

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

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

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

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

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

c) Lifecycle replacement

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

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

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

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

Other assets contributed by the PCT to the operator

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

Investments

Fixed asset investments are held in LIFTCo, Fixed asset investments are recorded initially at historic cost and updated based on valuations provided by LIFTCo. Any increase in value is carried in full to the revaluation reserve. Any impairment in value is charged to operating expenditure.

1. Accounting policies (continued)

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

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

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

2 Operating segments

Up until 2011/12 the PCT recognised two main operating segments, NHS Dudley, its commissioning arm, and Dudley Community Services (DCS), its provider arm, and reported on this basis to the Board and Finance & Performance Committee. Where operationally practical, the Statement of Financial Position was held on a segmental basis.

However, with the transfer of services and exclusion of provider transactions under Transforming Community Services, the PCT concluded during 2011/12 it had operated and reported as one segment, initially to the PCT Board and then the Black Country Cluster Board. This judgement was reached through analysis of IFRS 8 by senior finance management. This assessment remains valid.

Total net operating costs includes transactions with Dudley Group NHS Foundation Trust as the PCT's main provider of healthcare services which represents more than 10% of this total.

	2012-13	2011-12
Dudley PCT Net Operating Costs (£000)	528,742	511,193
Expenditure with Dudley Group NHS Foundation Trust (£000)	206,610	204,168
	39.08%	39.94%

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		511,193
Net operating cost plus (gain)/loss on transfers by absorption	528,464	
Adjusted for prior period adjustments in respect of errors	0	0
Revenue Resource Limit	537,472	517,185
Under/(Over)spend Against Revenue Resource Limit (RRL)	9,008	5,992

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	(793)	1,812
Charge to Capital Resource Limit	(1,489)	1,339
(Over)/Underspend Against CRL	696	473

The PCT had a negative CRL in 2012/13 to reflect a reduction of £1.611m in respect of the sale of its IT Assets to Dudley Group NHS Foundation Trust and the return of the cash received to the Department of Health.

3.3 Provider full cost recovery duty

	2012-13 £000	2011-12 £000
The PCT is required to recover full costs in relation to its provider functions.		
Provider gross operating costs	0	126
Provider Operating Revenue	0	0
Net Provider Operating Costs	0	126
Costs Met Within PCTs Own Allocation	0	(126)
Under/(Over) Recovery of Costs	0	0

In 2011/12, under merger accounting, the receiving NHS Bodies were required to account for the services for the full financial year whilst Dudley PCT accounted for nothing as if the transfer had always applied. An exception to this was the Lymphoedema Service as it became LymphCare UK Community Interest Company (CIC) on 2nd November 2011. Dudley PCT was required to account for this service up until the date of transfer and that is what is reflected in the Provider Recovery note above.

3.4 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	523,015	515,535
Cash Limit	525,815	515,535
Under/(Over)spend Against Cash Limit	2,800	0

The PCT returned the balance of its cash limit not spent at the end of the financial year to the Department of Health rather than hold it in its bank account.

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

	2012-13 £000
Total cash received from DH (Gross)	451,537
Less: Trade Income from DH	(64)
Less/(Plus): movement in DH working balances	64
Sub total: net advances	451,537
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	11,853
Plus: drugs reimbursement (central charge to cash limits)	59,625
Parliamentary funding credited to General Fund	523,015

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	0
Dental Charge income from Contractor-Led GDS & PDS	**4,725**		4,725	4,319
Dental Charge income from Trust-Led GDS & PDS	**0**		0	0
Prescription Charge income	**2,772**		2,772	2,656
Strategic Health Authorities	**0**	0	0	0
NHS Trusts	**2,494**	911	1,583	2,845
NHS Foundation Trusts	**6,080**	3,022	3,058	6,361
Primary Care Trusts Contributions to DATs	**0**		0	0
Primary Care Trusts - Other	**2,821**	2,821	0	5,027
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	**64**	0	64	0
Recoveries in respect of employee benefits	**342**	342	0	605
Local Authorities	**445**	0	445	381
Patient Transport Services	**0**		0	0
Education, Training and Research	**2,042**	5	2,037	1,955
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**0**		0	0
Other Non-NHS Patient Care Services	**297**	0	297	232
Charitable and Other Contributions to Expenditure	**2**		2	6
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revenue from finance leases	**0**	0	0	0
Rental revenue from operating leases	**1,113**	0	1,113	1,060
Other revenue	**704**	341	363	697
Total miscellaneous revenue	**23,901**	**7,442**	**16,459**	**26,144**
Other income comprises:				
HCS Income	319			350
Income from CSU	224			0
Accommodation	105			83
Programme Income	0			139
Clinical Income	0			0
Pest Control	0			24
Ophthalmic Advisor Income	0			39
Other	56			62
Total Other Income	**704**			**697**

Most of the reduction in income from PCTs is due to a refund of £1.356m made in respect of the HCS underspend to subscribers. This was an obligation within the Service Level Agreements as a consequence of the PCT ceasing to provide the service with effect from 1st April 2013.

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	47,214		47,214	46,344
Non-Healthcare	126	126	0	141
Total	47,340	126	47,214	46,485
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	59,076	437	58,639	49,746
Goods and services (other, excl Trusts, FT and PCT))	0	0	0	17
Total	59,076	437	58,639	49,763
Goods and Services from Foundation Trusts	245,707	422	245,285	240,397
Purchase of Healthcare from Non-NHS bodies	31,656		31,656	29,402
Social Care from Independent Providers	0		0	0
Expenditure on Drugs Action Teams	2,712		2,712	2,756
Non-GMS Services from GPs	254	0	254	264
Contractor Led GDS & PDS (excluding employee benefits)	15,689		15,689	16,431
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0		0	0
Chair, Non-executive Directors & PEC remuneration	65	65	0	61
Executive committee members costs	505	505	0	376
Consultancy Services	1,057	833	224	945
Prescribing Costs	49,820		49,820	51,970
G/PMS, APMS and PCTMS (excluding employee benefits)	42,601	0	42,601	42,150
Pharmaceutical Services	0		0	0
Local Pharmaceutical Services Pilots	120		120	109
New Pharmacy Contract	12,617		12,617	12,277
General Ophthalmic Services	3,260		3,260	3,334
Supplies and Services - Clinical	1,328	0	1,328	828
Supplies and Services - General	1,307	27	1,280	980
Establishment	1,510	785	725	1,815
Transport	374	117	257	425
Premises	8,761	1,513	7,248	6,677
Impairments & Reversals of Property, plant and equipment	182	0	182	(1,560)
Impairments and Reversals of non-current assets held for sale	0	0	0	0
Depreciation	4,570	393	4,177	3,312
Amortisation	1,134	147	987	384
Impairment & Reversals Intangible non-current assets	0	0	0	0
Impairment and Reversals of Financial Assets	0	0	0	0
Impairment of Receivables	(150)	0	(150)	142
Inventory write offs	0	0	0	27
Research and Development Expenditure	0	0	0	0
Audit Fees	121	121	0	191
Other Auditors Remuneration	0	0	0	36
Clinical Negligence Costs	26	0	26	0
Education and Training	2,336	130	2,206	2,313
Grants for capital purposes	0	0	0	316
Grants for revenue purposes	0	0	0	0
Impairments and reversals for investment properties	0	0	0	0
Other	1,012	857	155	3,144
Total Operating costs charged to Statement of Comprehensive Net Expenditure	534,990	6,478	528,512	515,750
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	0	0	0	0
Trust led PDS and PCT DS	0	0	0	0
PCT Officer Board Members	435	435	0	875
Other Employee Benefits	14,813	11,122	3,691	18,650
Total Employee Benefits charged to SOCNE	15,248	11,557	3,691	19,525
Total Operating Costs	550,238	18,035	532,203	535,275
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to fund Capital Projects - GMS	0	0	0	141
Grants to Local Authorities to Fund Capital Projects	0	0	0	175
Total Capital Grants	0	0	0	316
Grants to fund revenue expenditure				
To Local Authorities	0	0	0	0
To Private Sector	0	0	0	0
To Other	0	0	0	0
Total Revenue Grants	0	0	0	0
Total Grants	0	0	0	316

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	10,593	8,407	2,186
Weighted population (number in units)*	312,083	312,083	312,083
Running costs per head of population (£ per head)	33.94	26.94	7.00
PCT Running Costs 2011-12			
Running costs (£000s)	11,534	9,151	2,383
Weighted population (number in units)	312,083	312,083	312,083
Running costs per head of population (£ per head)	36.96	29.32	7.64

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

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

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	42,601	42,150
Prescribing costs	49,820	51,970
Contractor led GDS & PDS	15,689	16,431
Trust led GDS & PDS	0	0
General Ophthalmic Services	3,260	3,334
Department of Health Initiative Funding	0	0
Pharmaceutical services	0	0
Local Pharmaceutical Services Pilots	120	109
New Pharmacy Contract	12,617	12,277
Non-GMS Services from GPs	254	264
Other	0	521
Total Primary Healthcare purchased	**124,361**	127,056
Purchase of Secondary Healthcare		
Learning Difficulties	6,621	7,153
Mental Illness	44,800	40,440
Maternity	14,697	15,204
General and Acute	235,576	223,802
Accident and emergency	19,995	20,192
Community Health Services	40,474	35,440
Other Contractual	20,436	18,696
Total Secondary Healthcare Purchased	**382,599**	360,927
Grant Funding		
Grants for capital purposes	0	316
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**506,960**	**488,299**
PCT self-provided secondary healthcare included above	0	126
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	245,284	236,145

6. Operating Leases

The PCT leases a number of properties for office and clinical services. The most significant leases with the current annual commitment and expiry dates are detailed below but a number of the smaller leases have been grouped. The PCT also has informal agreements for the use of space, mainly in GP owned premises.

	Current Annual Charge	Expiry Date	Next Break Clause Date	Main Use
	£000			
Ladies Walk	431	31/12/25	-	Healthcare Provision
St Johns House	279	27/11/23	28/11/13	HQ, shared & corporate services
Facilities Management Centre	87	06/10/20	07/10/15	Storage & shared services
Falcon House 5th Floor	148	22/02/19	23/02/14	DCS & D&W Employment Servs
Coseley Health & Family Centre	48	31/03/16	01/04/14	Healthcare Provision
Kings House	86	17/09/14	-	Meeting Rooms
The Greens Health Centre	52	12/04/21	-	Healthcare Provision
Falcon House Ground Floor	64	22/02/19	23/02/14	IAPT Service
St Johns House - 1st Floor Part	31	27/11/23	28/11/13	HCS
Smaller Leases	124	various		Mostly Healthcare Provision
Informal arrangements	13	various		Mostly Healthcare Provision
	1,363			

The PCT has made a provision for onerous contracts in relation to those leases for premises that are not used for clinical purposes or those services that directly support clinical services.

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				1,295	1,588
Contingent rents				0	0
Sub-lease payments				0	0
Total				1,295	1,588
Payable:					
No later than one year	0	1,116	0	1,116	1,116
Between one and five years	0	3,796	0	3,796	3,876
After five years	0	4,724	0	4,724	5,628
Total	0	9,636	0	9,636	10,620
Total future sublease payments expected to be received				0	0

6.2 PCT as lessor

The PCT has lease agreements in place with Shaw Homes for three properties, Gorstyfields on the Ridgehill site; Hollybush on the Corbett site and Woodview, part of the former Hayley Green Hospital, Halesowen. The current annual lease income due is £227k. These leases are next due for renewal from 1st April 2013.

Dudley PCT has entered into certain financial arrangements involving the use of GP premises. These arrangements have been reviewed against IAS 17 - Leases; SIC 27 Evaluating the substance of transactions involving the legal form of a lease; and IFRIC 4 - Determining whether an arrangement contains a lease.

The PCT has determined that those operating leases must be recognised, but, as there is no defined term in the arrangements entered into, it is not possible to analyse the arrangements over financial years. The financial value included in the Operating Cost Statement for 2012/13 is £887k (£833k in 2011/12)

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	1,113	1,060
Contingent rents	0	0
Total	1113	1,060
Receivable:		
No later than one year	1,113	1,040
Between one and five years	0	0
After five years	0	0
Total	1,113	1,040

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	12,705	9,559	3,146	11,708	8,684	3,024	997	875	122
Social security costs	1,030	837	193	1,030	837	193	0	0	0
Employer Contributions to NHS BSA - Pensions Division	1,513	1,161	352	1,513	1,161	352	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	0	0	0	0	0	0	0	0	0
Total employee benefits	15,248	11,557	3,691	14,251	10,682	3,569	997	875	122
Less recoveries in respect of employee benefits (table below)	(342)	(342)	0	(342)	(342)	0	0	0	0
Total - Net Employee Benefits including capitalised costs	14,906	11,215	3,691	13,909	10,340	3,569	997	875	122
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	15,248	11,557	3,691	14,251	10,682	3,569	997	875	122
Recognised as:									
Commissioning employee benefits	15,248			14,251			997		
Provider employee benefits	0			0			0		
Gross Employee Benefits excluding capitalised costs	15,248			14,251			997		

2012-13				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Revenue									
Salaries and wages	342	342	0	342	342	0	0	0	0
Social Security costs	0	0	0	0	0	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0
TOTAL excluding capitalised costs	342	342	0	342	342	0	0	0	0

Employee Benefits - Prior- year	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	15,820	14,371	1,449
Social security costs	1,103	1,103	0
Employer Contributions to NHS BSA - Pensions Division	1,778	1,778	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	824	824	0
Total gross employee benefits	19,525	18,076	1,449
Less recoveries in respect of employee benefits	(605)	(605)	0
Total - Net Employee Benefits including capitalised costs	18,920	17,471	1,449
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	19,525	18,076	1,449
Recognised as:			
Commissioning employee benefits	19,439		
Provider employee benefits	86		
Gross Employee Benefits excluding capitalised costs	19,525		

7.2 Staff Numbers

	2012-13 Total Number	2012-13 Permanently employed Number	2012-13 Other Number	2011-12 Total Number	2011-12 Permanently employed Number	2011-12 Other Number
Average Staff Numbers						
Medical and dental	2	2	0	3	3	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	349	315	34	394	351	43
Healthcare assistants and other support staff	0	0	0	0	0	0
Nursing, midwifery and health visiting staff	23	23	0	24	24	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	7	7	0	6	6	0
Social Care Staff	0	0	0	0	0	0
Other	4	4	0	1	1	0
TOTAL	386	352	34	428	385	43
Of the above - staff engaged on capital projects	0	0	0	0	0	0

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number	
Total Days Lost	3,754	9,876	1
Total Staff Years	542	1,095	2
Average Working Days Lost	6.93	9.02	

Source:
1 - These figures are best estimates calculated by the Department of Health based on estimated working days available x average sickness rate.
2 - These figures are based on ESR data extracted centrally by the NHS Information Centre for the calendar year. Part-time hours are extrapolated to full time equivalent (FTE).

The sickness data shown above was provided by the Department of Health. In 2011/12 this data included members of staff that transferred out under the Transforming Community Services agenda (refer to accounting policies 1.1). Dudley PCT has amended this sickness data to exclude staff members that transferred out of the organisation during 2012 as this more accurately reflects the PCT's position. This note is re-presented below.

	2012-13 Number	2011-12 Number
Total Days Lost	3,754	3,749
Total Staff Years	542	388
Average working Days Lost	6.93	9.66

The PCT had no ill health retirements in 2012/13 (2011/12 nil)

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Less than £10,001	5	6	11	4	1	5
£10,001-£25,000	5	10	15	3	1	4
£25,001-£50,000	6	12	18	5	2	7
£50,001-£100,000	2	4	6	3	1	4
£100,001 - £150,000	0	3	3	0	0	0
£150,001 - £200,000	0	0	0	0	0	0
>£200,000	1	1	2	1	0	1
Total number of exit packages by type (total cost	**19**	**36**	**55**	**16**	**5**	**21**
	£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Total resource cost	777	1,507	**2,283**	699	156	**855**

This note provides an analysis of Exit Packages agreed during the year. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme (Pension Scheme and Compensation for Premature Retirement) Amendment Regulations 2006 and Section 16 of Agenda for Change.

A number of other departures have been agreed under the local mutually agreed resignation scheme (MARS). MARS is a form of voluntary severance, designed to enable individual employees - in agreement with their employer - to choose to leave their employment voluntarily, in return for payment. This scheme follows the principles set out in Section 20 of the NHS terms and conditions of service handbook which were agreed by the NHS Staff Council. The schemes were agreed by the SHA through delegated authority from HM Treasury

Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

7.5 Pension costs

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

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

a) Accounting valuation

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

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**21,745**	**102,893**	25,440	120,271
Total Non-NHS Trade Invoices Paid Within Target	**20,340**	**97,290**	24,427	118,218
Percentage of NHS Trade Invoices Paid Within Target	93.54%	94.55%	96.02%	98.29%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**3,284**	**369,718**	3,134	357,965
Total NHS Trade Invoices Paid Within Target	**3,028**	**365,972**	2,917	356,397
Percentage of NHS Trade Invoices Paid Within Target	92.20%	98.99%	93.08%	99.56%

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

The PCT transferred to a new ledger system and a shared service provider from 1st October 2012 and the transition to this had a detrimental impact on the cumulative position for the year in respect of the BPPC

The PCT is an approved signatory to the Prompt Payment Code, joining 14th October 2009. Approved signatories undertake to pay suppliers on time; give clear guidance to suppliers and encourage good practice.

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

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Rental Income				
PFI finance lease revenue (planned)	0	0	0	0
PFI finance lease revenue (contingent)	0	0	0	0
Other finance lease revenue	0	0	0	0
Subtotal	0	0	0	0
Interest Income				
LIFT: equity dividends receivable	0	0	0	0
LIFT: loan interest receivable	93	0	93	67
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
Subtotal	93	0	93	67
Total investment income	93	0	93	67

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	0	0	0	222
Gain/(Loss) on disposal of assets other than by sale (intangibles)	0	0	0	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	0	0	0	0
Gain (Loss) on disposal of assets held for sale	14	0	14	0
Gain/(loss) on foreign exchange	0	0	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0	0	80
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0	0	0
Change in fair value of investment property	0	0	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0	0	0
Total	14	0	14	302

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	0	0	0	0
Interest on obligations under PFI contracts:				
- main finance cost	0	0	0	0
- contingent finance cost	0	0	0	0
Interest on obligations under LIFT contracts:				
- main finance cost	2,195	0	2,195	2,397
- contingent finance cost	0	0	0	0
Interest on late payment of commercial debt	0	0	0	0
Other interest expense	0	0	0	0
Total interest expense	2,195	0	2,195	2,397
Other finance costs	0	0	0	0
Provisions - unwinding of discount	39		39	34
Total	2,234	0	2,234	2,431

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	15,147	40,351	0	0	2,370	246	10,853	1,071	70,038
Additions of Assets Under Construction				27					27
Additions Purchased	0	0	0		0	0	383	0	383
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	(55)	(124)	0	0	0	0	(6,227)	0	(6,406)
Disposals other than for sale	0	0	0	0	(150)	0	0	(6)	(156)
Upward revaluation/positive indexation	0	1	0	0	0	0	0	0	1
Impairments/negative indexation	0	(884)	0	0	0	0	0	0	(884)
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
At 31 March 2013	15,092	39,344	0	27	2,220	246	5,009	1,065	63,003
Depreciation									
At 1 April 2012	1,834	9,023	0	0	1,884	219	6,673	493	20,126
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	(5)	0		0	0	(4,729)	0	(4,734)
Disposals other than for sale	0	0	0		(150)	0	0	(6)	(156)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	255	0	0	62	0	46	1	364
Reversal of Impairments	(130)	(52)	0	0	0	0	0	0	(182)
Charged During the Year	172	1,329	0		252	9	2,232	576	4,570
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
At 31 March 2013	1,876	10,550	0	0	2,048	228	4,222	1,064	19,988
Net Book Value at 31 March 2013	13,216	28,794	0	27	172	18	787	1	43,015
Purchased	13,216	28,794	0	27	172	18	787	1	43,015
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	13,216	28,794	0	27	172	18	787	1	43,015
Asset financing:									
Owned	9,689	9,359	0	27	172	18	787	1	20,053
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	3,527	19,435	0	0	0	0	0	0	22,962
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	13,216	28,794	0	27	172	18	787	1	43,015

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	3,709	4,955	0	0	11	6	0	40	8,721
Assets Nil NBV	0	0	0	0	(8)	(6)	0	(40)	(54)
Asset Disposals	(44)	(113)	0	0	0	0	0	0	(157)
Reversal of Impairments	0	(884)	0	0	0	0	0	0	(884)
Transferred to Held for Sale	(18)	(55)	0	0	0	0	0	0	(73)
At 31 March 2013	3,647	3,903	0	0	3	0	0	0	7,553

Additions to Assets Under Construction in 2012-13

	£000
Buildings excl Dwellings	27
Balance as at YTD	27

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	**16,088**	**39,901**	**0**	**0**	**2,758**	**594**	**10,435**	**1,074**	**70,850**
Additions - purchased	0	641	0	0	64	0	477	7	**1,189**
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	(941)	(275)	0	0	0	0	0	0	**(1,216)**
Disposals other than by sale	0	0	0	0	(452)	(348)	(59)	(10)	**(869)**
Revaluation & indexation gains	0	188	0	0	0	0	0	0	**188**
Impairments	0	(104)	0	0	0	0	0	0	**(104)**
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**
At 31 March 2012	**15,147**	**40,351**	**0**	**0**	**2,370**	**246**	**10,853**	**1,071**	**70,038**
Depreciation									
At 1 April 2011	**1,771**	**9,347**	**0**		**2,192**	**553**	**5,121**	**399**	**19,383**
Reclassifications		0	0		0	0	0	0	**0**
Reclassifications as Held for Sale	(53)	(99)	0		0	0	0	0	**(152)**
Disposals other than for sale	0	0	0		(440)	(348)	(59)	(10)	**(857)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	25	0	0	1	0	2	0	**28**
Reversal of Impairments	(52)	(1,536)	0	0	0	0	0	0	**(1,588)**
Charged During the Year	168	1,286	0		131	14	1,609	104	**3,312**
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**
At 31 March 2012	**1,834**	**9,023**	**0**	**0**	**1,884**	**219**	**6,673**	**493**	**20,126**
Net Book Value at 31 March 2012	**13,313**	**31,328**	**0**	**0**	**486**	**27**	**4,180**	**578**	**49,912**
Purchased	13,313	30,538	0	0	486	27	4,180	578	**49,122**
Donated	0	790	0	0	0	0	0	0	**790**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**13,313**	**31,328**	**0**	**0**	**486**	**27**	**4,180**	**578**	**49,912**
Asset financing:									
Owned	9,744	10,302	0	0	486	27	4,180	578	**25,317**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	3,569	21,026	0	0	0	0	0	0	**24,595**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**13,313**	**31,328**	**0**	**0**	**486**	**27**	**4,180**	**578**	**49,912**

12.3 Property, plant and equipment

The PCT commissioned a valuation for all of its properties from the District Valuers Service including the valuation of the LIFT premises. The valuer finalised the report on 29 January 2013 with a valuation as at 3 January 2013 and indicated that any movement up until 31 March 2013 was unlikely to be material. The valuer was Jon Jones BSc(Hons) MRICS, RICS Registered Valuer, Senior Surveyor, Wolverhampton Valuation Office, Crown House, Birch Street, Wolverhampton, WV1 4DS.

The reports were prepared in accordance with the terms of the Royal Institution of Chartered Surveyors' Valuation Standards, 8th Edition, insofar as the terms were consistent with the requirements of HM Treasury, the National Health Service and the Department of Health.

The basis used for the valuation of non-specialised operational owner-occupied property for financial accounting purposes under IAS 16 is fair value, which is the market value subject to the assumption that the property is sold as part of the continuing enterprise in occupation.

The PCT has taken the decision to implement in full the valuations provided by the District Valuer as at 3 January 2013. The outcome of this has been to make a net charge of £182k to the operating costs of the PCT. This comprises £364k impairments (£66k LIFT premises, £298k owned premises) and £182k reversal of impairments (£130k LIFT premises, £52k owned premises). Resource funding has been provided by the Department of Health to make this neutral in terms of the PCT's financial position.

With LIFT assets the PCT has taken the option not to purchase at the end of the contract. These assets are therefore included at their remaining operational lives rather than the lives provided in the valuers report.

Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost over the life of the asset. Initially a standard estimated useful life is applied but this may be amended following an informed review. The standard useful lives used initially are as follows:

Short life engineering plant and equipment - 5 years
Medium life engineering, plant and equipment - 10 years
Long life engineering, plant and equipment - 15 years
Vehicles - 7 years
Furniture - 10 years
Printers, laptops and desktops - 3 years
Office and other IT equipment - 5 years
Soft furnishings - 7 years
Short life medical and other equipment - 5 years
Medium life medical and other equipment - 10 years
Long life medical equipment - 15 years
Mainframe-type IT installations - 8 years

Economic Lives of Non-Current Assets - Property, Plant and Equipment

	Min Life Years	Max Life Years
Buildings exc Dwellings	0	82
Dwellings	0	0
Plant & Machinery	0	9
Transport Equipment	0	4
Information Technology	0	5
Furniture and Fittings	0	10

Value of Assets at Open Market Value at balance sheet date

	Land £000s	Buildings excl. Dwellings £000s	Dwellings £000s	Total £000s
Open Market Value at 31 March 2013	55	119	0	174
Open Market Value at 31 March 2012	538	176	0	714

Assets valued at Open Market Value are usually held for sale.

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**2,919**	**0**	**0**	**0**	**2,919**
Additions - purchased	0	393	0	0	0	**393**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Additions Leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	(656)	0	0	0	**(656)**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**2,656**	**0**	**0**	**0**	**2,656**
Amortisation						
At 1 April 2012	**0**	**1,676**	**0**	**0**	**0**	**1,676**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	(543)	0	0	0	**(543)**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	1,134	0	0	0	**1,134**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**2,267**	**0**	**0**	**0**	**2,267**
Net Book Value at 31 March 2013	**0**	**389**	**0**	**0**	**0**	**389**
Net Book Value at 31 March 2013 comprises						
Purchased	0	389	0	0	0	**389**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**389**	**0**	**0**	**0**	**389**

There is no revaluation reserve relating to intangible non-current assets

13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2011	**0**	**2,449**	**0**	**0**	**0**	**2,449**
Additions - purchased	0	500	0	0	0	500
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	(30)	0	0	0	(30)
Cumulative dep netted off cost following revaluation	0	0	0	0	0	0
At 31 March 2012	**0**	**2,919**	**0**	**0**	**0**	**2,919**
Amortisation						
At 1 April 2011	**0**	**1,322**	**0**	**0**	**0**	**1,322**
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation or indexation gains	0	0	0	0	0	0
Impairments charged to operating expenses	0	0	0	0	0	0
Reversal of impairments charged to operating expenses	0	0	0	0	0	0
Charged during the year	0	384	0	0	0	384
In-year transfers to NHS bodies	0	(30)	0	0	0	(30)
Less cumulative dep written down on revaluation	0	0	0	0	0	0
At 31 March 2012	**0**	**1,676**	**0**	**0**	**0**	**1,676**
Net Book Value at 31 March 2012	**0**	**1,243**	**0**	**0**	**0**	**1,243**
Net Book Value at 31 March 2012 comprises						
Purchased	0	1,243	0	0	0	1,243
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2012	**0**	**1,243**	**0**	**0**	**0**	**1,243**

13.3 Intangible non-current assets

All of the PCTs intangible assets relate to software licences that have been purchased by the PCT. The assets are amortised over the remaining life of the licence and the assets are held at original cost.

Intangible assets are amortised over the estimated lives of the assets with purchased computer software licences amortised over the shorter of the term of the licence and their useful economic lives.

Economic Lives of Non-Current Assets - Intangible Assets

	Min Life Years	Max Life Years
Software Licences	0	5
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	182	0	182
Total charged to Annually Managed Expenditure	**182**	**0**	**182**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0	0	0
Over Specification of Assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	884	0	0
Total impairments for PPE charged to reserves	**884**	**0**	**0**
Total Impairments of Property, Plant and Equipment	**1,066**	**0**	**182**
Total Impairments charged to Revaluation Reserve	884	0	0
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	182	0	182
Overall Total Impairments	**1,066**	**0**	**182**

Of which there was no impairment on revaluation to "modern equivalent asset" basis or Donated Assets.

Additionally there were no impairments in respect of intangible non-current assets; financial assets; or non-current assets held for sale.

Most of the impairments arose following the implementation of the values provided by the District Valuer.

	Charged to Revaluation Reserve £000	Charged to Operating Costs £000
IFRIC 12 Impairments		
Ridgehill / Stourbridge HSCC LIFT	0	0
Brierley Hill LIFT	0	66
Reversal of impairment-LIFT premises	(555)	(130)
Other Impairments		
Other owned non-current assets	0	0
Reversal of impairments	(329)	(52)
Impairment due changes in market price	0	298
Total Impairment	**(884)**	**182**

The impairments charged to operating costs in respect of owned assets including LIFT is fully funded by a non-recurrent allocation from the Department of Health.

15 Investment property

The PCT has no investment properties.

16 Commitments

16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	93	20
Intangible assets	0	0
Total	93	20

This capital commitment relates to a lift in Cross St Health Centre where a final component is awaited prior to completion. This will be the responsibility of NHS Property Services.

16.2 Other financial commitments

The PCT has entered into non-cancellable contracts (which are not leases or PFI contracts or other service concession arrangements), for Security Services; Transport & Courier Services; Finance System; Photocopiers & Mobile Telephones. The payments to which the trust is committed are as follows

	31 March 2013 £000	31 March 2012 £000
Not later than one year	247	0
Later than one year and not later than five year	406	0
Later than five years	0	0
Total	653	0

The PCT has made provisions for any elements of these contracts that could be deemed to be onerous since 2011/12 but these were not recognised as "Other financial commitments" in 2011/12.

17 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	480	0	186	0
Balances with Local Authorities	9	0	111	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	898	0	3,606	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,115	749	22,444	0
At 31 March 2013	2,502	749	26,347	0
prior period:				
Balances with other Central Government Bodies	403	0	862	0
Balances with Local Authorities	86	0	140	0
Balances with NHS Trusts and Foundation Trusts	2,297	0	5,212	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	7,479	368	27,807	0
At 31 March 2012	10,265	368	34,021	0

18 Inventories

The PCT has no inventories.

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
NHS receivables - revenue	603	845	0	0
NHS receivables - capital	0	0	0	0
NHS prepayments and accrued income	711	1,855	0	0
Non-NHS receivables - revenue	354	144	0	0
Non-NHS receivables - capital	0	0	0	0
Non-NHS prepayments and accrued income	436	6,959	0	368
Provision for the impairment of receivables	(108)	(266)	0	0
VAT	430	361	0	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	0	0	749	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	82	0	0
Other receivables	76	285	0	0
Total	2,502	10,265	749	368
Total current and non current	3,251	10,633		
Included above:				
Prepaid pensions contributions	0	0		
NHS prepayments and accrued income comprises:				
NHS Income Accruals	711	310		
NHS Credit Balances on Purchase Ledger	0	1,545		
NHS Prepayments	0	0		
	711	1,855		
Other receivables comprises:				
Invoiced Activity-Local Authority & Other Govt Bodies	64	254		
Payroll (mainly loans for car parking passes)	12	22		
Other	0	9		
	76	285		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	333	138
By three to six months	120	13
By more than six months	1	58
Total	454	209

19.3 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April	(266)	(124)
Amount written off during the year	8	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	150	(142)
Balance at 31 March	(108)	(266)

The PCT usually provides for all outstanding non-NHS receivables over 90 days old unless it has confirmation that an invoice will be paid. With the imminent demise of the PCT at 31st March 2013, it has also provided for a number of invoices less than 90 days old where the payment of the debt might be at risk.

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**32**	**800**	**832**
Additions	**0**	**0**	**0**
Disposals	**0**	**(49)**	**(49)**
Loan repayments	**0**	**0**	**0**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance at 31 March 2013	**32**	**751**	**783**
Balance at 1 April 2011	32	820	852
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	(100)	(100)
Revaluations	0	80	80
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**32**	**800**	**832**

LIFT Investment values are as follows - Ridge Hill/Stourbridge £354k; Brierley Hill £429k

21.1 Other Financial Assets - Current

The PCT has no Current Other Financial Assets

21.2 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**832**	852
Additions	**0**	0
Revaluation	**0**	(20)
Impairments	**0**	0
Impairment Reversals	**0**	0
Transferred to current financial assets	**0**	0
Disposals	**(49)**	0
Transfers (to)/from Other Public Sector Bodies in year	**0**	0
Total Other Financial Assets - Non Current	**783**	832

21.3 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	**0**	0
Capital Income	**(49)**	0

22 Other current assets

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**16**	18
Net change in year	**19**	(2)
Closing balance 31 March	**35**	16
Made up of		
Cash with Government Banking Service	**35**	8
Commercial banks	**0**	2
Cash in hand	**0**	6
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**35**	16
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**35**	16
Patients' money held by the PCT, not included above	**0**	19

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	538	176	0	0	0	0	0	0	0	714
Plus assets classified as held for sale in the year	55	119	0	0	0	0	1,498	0	113	1,785
Less assets sold in the year	(505)	(176)	0	0	0	0	(1,498)	0	(113)	(2,292)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	(33)	0	0	0	0	0	0	0	0	(33)
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	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	0
Revaluation	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	55	119	0	0	0	0	0	0	0	174
Liabilities associated with assets held for sale at 31 March 2013	0	0	0	0	0	0	0	0	0	0
										0
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	0
Plus assets classified as held for sale in the year	888	176	0	0	0	0	0	0	0	1,064
Less assets sold in the year	(350)	0	0	0	0	0	0	0	0	(350)
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	0
Balance at 31 March 2012	538	176	0	0	0	0	0	0	0	714
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	0

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

	Land	Buildings	Total
The Willows, 70 Vicarage Road	18	55	73
Total at 31 March 2013	18	55	73
Mere Road	42	115	157
Brierley Hill	2	0	2
Total at 31 March 2012	44	115	159

Mere Road and Brierley Hill Health Centre which were held for sale as at 31st March 2012 were sold during 2012/13.

IT assets and licences at a net book value of £1.611m were transferred to held for sale during 2012/13 and sold to Dudley Group NHS Foundation Trust on 1st January 2013.

The Willows, 70 Vicarage Road, Stourbridge was taken out of use during 2012/13 as it was deemed functionally unsuitable. It has been actively marketed and an offer was received but this was below the reserve price. It will continue to be marketed during 2013/14 by NHS Property Services.

25 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Interest payable	0	0		
NHS payables - revenue	481	1,592	0	0
NHS payables - capital	0	0	0	0
NHS accruals and deferred income	3,311	4,067	0	0
Family Health Services (FHS) payables	12,964	16,426		
Non-NHS payables - revenue	5,547	2,843	0	0
Non-NHS payables - capital	17	653	0	0
Non-NHS accruals and deferred income	2,902	7,576	0	0
Social security costs	145	0		
VAT	0	0	0	0
Tax	187	0		
Payments received on account	0	0	0	0
Other	793	864	0	0
Total	26,347	34,021	0	0
Total payables (current and non-current)	26,347	34,021		

Other payables include £0 (2011-12: £0) in respect of payments due in future years under arrangements to buy out the liability for early retirements over 5 instalments; and £509k in respect of outstanding pensions contributions at 31 March 2013 (2011-12: £643k).

Other payables comprises:	£000	£000	£000	£000
Pension contributions to payover	509	643		
Non-Trade Payments-CIC; Individuals & Non-English NHS	217	0		
Pre 95 Capitalised Retirements	0	45		
Annual leave accrual	0	153		
Payroll payovers	7	16		
Staff related accruals	60	7		
Deferred Bid Costs	0	0		0
	793	864	0	0

26 Other liabilities

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
PFI/LIFT deferred credit	0	0	0	0
Lease incentives	0	0	0	0
Other	0	0	0	0
Total	0	0	0	0
Total other liabilities (current and non-current)	0	0		

27 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Bank overdraft - Government Banking Service	0	0		
Bank overdraft - commercial banks	0	0		
LIFT liabilities:				
Main liability	744	694	28,689	29,433
Lifecycle replacement received in advance	0	0	0	0
Finance lease liabilities	0	0	0	0
Other (describe)	0	0	0	0
Total	744	694	28,689	29,433
Total other liabilities (current and non-current)	29,433	30,127		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	Other £000s	Total £000s
0 - 1 Years	0	744	744
1 - 2 Years	0	800	800
2 - 5 Years	0	2,629	2,629
Over 5 Years	0	25,260	25,260
TOTAL	0	29,433	29,433

28 Other financial liabilities

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Embedded Derivatives at Fair Value through SoCNE	**0**	0	**0**	0
Financial liabilities carried at fair value through SoCNE	**0**	0	**0**	0
Amortised Cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

29 Deferred income

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Opening balance at1 April 2012	**0**	0	**0**	0
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**0**	0	**0**	0
Current deferred Income at 31 March 2013	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

30 Finance lease obligations

The PCT has no Finance Lease obligations.

31 Finance lease receivables as lessor

The PCT has no Finance Lease receivables.

32 Provisions

		Comprising:								
	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**11,144**	0	1,523	213	323	306	0	0	5,210	3,569
Arising During the Year	**6,877**	0	64	102	0	3,505	0	0	3,206	0
Utilised During the Year	**(3,290)**	0	(159)	(39)	0	(35)	0	0	(774)	(2,283)
Reversed Unused	**(4,623)**	0	0	(196)	(323)	(210)	0	0	(2,623)	(1,271)
Unwinding of Discount	**39**	0	39	0	0	0	0	0	0	0
Change in Discount Rate	**(6)**	0	(6)	0	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**10,141**	**0**	**1,461**	**80**	**0**	**3,566**	**0**	**0**	**5,019**	**15**
Expected Timing of Cash Flows:										
No Later than One Year	**7,055**	0	159	80	0	1,782	0	0	5,019	15
Later than One Year and not later than Five Years	**2,420**	0	636	0	0	1,784	0	0	0	0
Later than Five Years	**666**	0	666	0	0	0	0	0	0	0

Amount included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	**£000s**
As at 31 March 2013	4,401
As at 31 March 2012	110

For each of the provisions that have been made an assessment has been made under IAS37, taking into account the obligation (or liability); liklihood of outflow (or payments); and estimated cost. Consideration has also been given to timing of outflows.

In 2010/11 Dudley PCT made provision for a number of potential liabilities that it considered were required following the changes announced by the Government in their White Paper, 'Equity and Excellence - Liberating the NHS'. These included provisions for onerous contracts; dilapidations and a number of redundancies where staff had been put at risk. These provisions were reviewed and revised at the 31st March 2012 based on greater knowledge about the likelihood, impact and value of future changes. During 2012/13 some of the provisions have been utilised, in particular those set aside for redundancy costs. Others have been reviewed and revised as the future plans have become clearer. Details relating to the provisions are included on page 38.

32 Provisions (continued)

Pensions

The provisions in respect of pensions relate to the ongoing costs of pre-1995 retirements of Dudley Health Authority and Dudley Priority Health NHS Trust staff calculated in accordance with national guidance. The charges are invoiced on a quarterly basis by the NHS Pensions Agency. A provision for a back to back arrangement with Walsall PCT in respect of the costs of former Walsall Health Authority staff was fully utilised in 2012/13. All pension provisions have been assessed using the nationally recognised actuarial calculations and the timing of the cashflows takes account of the annual amounts due.

Legal Claims

The legal provisions are mostly as notified by the NHSLA and include claims in respect of personal injury, personal liability and clinical negligence. The expected payments are based on the current status of the claim. The PCT has also provided for a potential liability relating to a case being handled by the solicitors used by the Black Country Cluster. It is expected that these cases will be concluded during 2013/14 and any settlement made.

Restructuring

In 2011/12, as part of restructuring future service provision, the Black Country Cluster PCTs provided for a capitation share of potential onerous contracts; dilapidation and other costs associated with a number of premises within the Cluster. This included Coniston House in Wolverhampton; Jubilee House in Walsall and the Facilities Management Centre (FMC) in Dudley. Dudley PCT's share of this was £323k. During 2012/13, with the requirement for the PCTs to provide for their own contractual liabilities for transfer to new statutory bodies, this provision was reversed.

Continuing Care

In 2012/13 the Department of Health issued a press release reminding anyone who might have a claim for NHS Continuing Healthcare funding for the period 1st April 2011 to 31st March 2012, that the deadline was 31st March 2013. The PCT received several hundred claims and these are currently being worked through by the PCT's Intermediate & Contiuning Care Team. Where the PCT has had a completed questionnaire and consent form returned, it has been able to either fully exclude claims for example where the nursing home only provides social care or determine that there may be a liability. The potential total costs have been estimated using the dates being claimed for and a weekly rate of £719 (based on research into charges made to people paying for their own care). The PCT has provided for 39% of these estimated costs based on previous years' claims. Based on the assessments made so far and with specialist advice from the PCT's Intermediate & Continuing Care Team, a provision has been made for £3,505k.

Where questionnaires and consent formshave not yet been returned, a contingent liaiblity has been shown.

The PCT also had a number of existing Continuing Care cases that had been assessed using Department of Health guidelines with advice from the PCT's Intermediate & Continuing Care Team. These have been reviewed and the current liability assessed as £61k.

Other Provisions

Other provisions comprises LIFT development costs (£2,078k); dilapidation of leased premises (£1,077k); onerous contracts (£905k); decommissioning and double running costs of IT services provided by Dudley Group NHS FT (£600k); relocation costs of St Johns House staff & functions (£359k).

LIFT development costs

Following a decision by the Black Country Cluster Board not to commit to supporting the affordability of LIFT schemes currently under development, a provision has been made for the development costs liability. This is based on detailed costings and professional advice that were included in the report to the Black Country Cluster Board. Any liability will fall due in 2013/14.

Dilapidations

The dilapidations provisions is the professionally assessed cost to return the relevant leased properties to the state required by the terms of the lease. As premises are vacated during 2012/13, the expectation is that these costs will be incurred.

Onerous Contracts

Onerous contracts provisions relate to leased premises used for non clinical purposes; other services contracts where the end of the lease or the break point is after the 31st March 2013 and licence costs beyond 31st March 2013. It is based on the current lease or service charges and take into account when the premises or services will no longer be used.

IT Services Cost

There are a number of IT costs associated with the closure & relocation/transfer of functions to new bodies, mainly around decommissioning; archiving and double running. The IT Service provider at Dudley Group NHS FT has provided a detailed estimate of the costs of providing these services.

Relocation Costs

The PCT has reviewed and revised the provision created in 2011/12 for the assessed future costs of relocating staff and functions from its headquarters in St Johns House, Dudley as they moves towards new structures.

Consultant Contract

The provision for consultant contract costs was reversed in 2012/13 when D&W MHPT determined that there was no further liability.

Healthcare Estimated Activity Costs

Up until the financial year 2011/12, Dudley PCT had estimated accruals for healthcare providers that were neither invoiced or advised as accruals by the provider. This was based on forecasting techniques used by the PCT using the most up to date activity data. To meet the requirements under the Government's Alignment legislation, NHS bodies can no longer include these as accruals but the guidance allows for a provision to be made. The PCT provided for the cost of this estimated over-activity in 2011/12. In 2012/13, given the impending demise of the PCT, full and final settlements were agreed with most significant providers and therefore this provision was reversed fully.

Redundancy

In 2011/12 the Black Country Cluster assessed the total potential redundancy costs based on the expected reduction in posts and the average cost across all staff. Dudley PCT made a provision for its capitation share. This provision has either been utilised or reversed during 2012/13 except for £15k for an individual who is expected to be made redundant in April 2013.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	0	0
Other-Continuing Healthcare	(1,592)	0
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	(1,592)	0
Contingent Assets		
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

The PCT has included a contingent liability for those Continuing Healthcare claims where there is insufficient detail to assess the claim. The value is based on the average estimate for those cases that have been provided for.

34 LIFT - additional information

34.1 NHS LIFT schemes that are off-Statement of Financial Position
The PCT has no PFI or NHS LIFT schemes that are off-Statement of Financial Position

34.2 NHS LIFT schemes that are on-Statement of Financial Position
The PCT has entered into LIFT arrangements for a number of premises which have been taken on as non-current assets at inception under IFRS accounting

	£000
Ridgehill/Stourbridge Health & Social Care Centre	14,153
Brierley Hill LIFT	16,303

These assets have since been revalued by the District Valuer and using the net present value method the values at 3 January 2013 are as stated below:

	£000
Ridgehill/Stourbridge Health & Social Care Centre	11,512
Brierley Hill LIFT	11,732

The arrangements for each LIFT scheme are outlined below:

Ridgehill
This is a Leaseplus arrangement for 25 years with the PCT holding the headlease. Increases to the charges are linked to the Retail Price Index (RPI). The PCT has the option to extend the contract after 25 years by negotiation. The buildings do not revert to the PCT nor are there any obligations to deliver or rights to receive specified assets at the end of the contract period. The Leaseplus charge covers rental and services but this is not currently detailed in the charge.

Stourbridge HSCC
This is a Leaseplus arrangement for 25 years with the PCT holding the headlease. Increases to the charges are linked to the Retail Price Index (RPI). The PCT has the option to extend the contract after 25 years by negotiation. The buildings do not revert to the PCT nor are there any obligations to deliver or rights to receive specified assets at the end of the contract period. The Leaseplus charge covers rental and services but this is not currently detailed in the charge.

Brierley Hill
This is a Leaseplus arrangement in a shared building for 25 years with the PCT holding the headlease. Increases to the charges are linked to the Retail Price Index (RPI). The PCT has the option to extend the contract after 25 years by negotiation. The buildings do not revert to the PCT nor are there any obligations to deliver or rights to receive specified assets at the end of the contract period. The Leaseplus charge covers rental and services but this is not currently detailed in the charge.

The PCT has no PFI schemes.

Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT	**31 March 2013 £000**	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	0	0
Service element of on SOFP LIFT charged to operating expenses in year	678	662
Total	678	662

	31 March 2013 £000	31 March 2012 £000
Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.		
LIFT Scheme Expiry Date:		
No Later than One Year	695	678
Later than One Year, No Later than Five Years	742	722
Later than Five Years	903	896
Total	2,340	2,296

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

	31 March 2013 £000	31 March 2012 £000
Estimated capital value of project - off SOFP LIFT	0	662
Value of Deferred Assets - off SOFP LIFT	0	0
Value of Residual Interest - off SOFP LIFT	0	0

Imputed "finance lease" obligations for on SOFP LIFT Contracts due	**31 March 2013 £000**	31 March 2012 £000
No Later than One Year	2,887	2,889
Later than One Year, No Later than Five Years	11,412	11,468
Later than Five Years	42,931	45,763
Subtotal	57,230	60,120
Less: Interest Element	(27,797)	(29,993)
Total	29,433	30,127

35 Impact of IFRS treatment - 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (e.g LIFT/PFI)			
Depreciation charges	1,143	0	1,143
Interest Expense	2,195	0	2,195
Impairment charge - AME	66		66
Impairment charge - DEL	0	0	0
Other Expenditure	0	0	0
Revenue Receivable from subleasing	(635)	0	(635)
Total IFRS Expenditure (IFRIC12)	2,769	0	2,769
Revenue consequences of LIFT/PFI schemes under UK GAAP / ESA95 (net of any sublease income)	0	0	0
Net IFRS change (IFRIC12)	2,769	0	2,769

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

36 Financial Instruments

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

Currency risk

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

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

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

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

36.1 Financial Assets	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		603		**603**
Receivables - non-NHS		398		**398**
Cash at bank and in hand		35		**35**
Other financial assets	0	0	783	**783**
Total at 31 March 2013	**0**	**1,036**	**783**	**1,819**
Embedded derivatives	0			0
Receivables - NHS		845		845
Receivables - non-NHS		606		606
Cash at bank and in hand		16		16
Other financial assets	0	0	832	832
Total at 31 March 2012	0	1,467	832	2,299

36.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		3,792	**3,792**
Non-NHS payables		22,340	**22,340**
Other borrowings		0	**0**
PFI & finance lease obligations		0	**0**
Other financial liabilities	0	5,791	**5,791**
Total at 31 March 2013	**0**	**31,923**	**31,923**
Embedded derivatives	0		0
NHS payables		5,612	5,612
Non-NHS payables		28,362	28,362
Other borrowings		0	0
PFI & finance lease obligations		0	0
Other financial liabilities	0	7,572	7,572
Total at 31 March 2012	0	41,546	41,546

37 Related party transactions

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

During the year certain of the PCT Board Members, Cluster Board Members, Dudley Clinical Commissioning Group Members and members of the key management staff or parties related to them have undertaken material transactions with Dudley Primary Care Trust.

The transactions listed below do not necessarily relate to the Board member or key manager personally but to the body with which they have registered an interest. For example, the transactions detailed against a GP CCG Board member relate to the practice as a whole and do not specifically relate to payments made to an individual within a practice.

2012-13	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
PCT & Cluster Board Member				
Dr ST Cartwright - GP with PMS Contract	484,639	0	36,071	0
Dr ST Cartwright - Direct receipt	0	6,847	0	0
Mrs G Cooper - Chair Dudley Children's Trust, Dudley MBC *3		see below		
PCT Board Members				
Ms J Deakin - Employee of Citizens Advice Bureau	92,710	0	0	0
Mr J Hall - Employee of BT PLC	75,183	0	0	0
Mr J Hall - Self-Employed as Flocom	9,458	0	0	0
Ms V Little - Area Committee Co-opted Member, Dudley MBC *3		see below		
Mr S Wellings - Self-employed as Wellimprove Associates Ltd	10,222	0	0	0
CCG Board Members				
Mrs M Akufo-Tetteh - wife of GP with GMS Contract	232,761	0	14,431	0
Mrs M Akufo-Tetteh - Direct receipt	0	526	0	0
Dr J Darby - GP with GMS Contract	1,003,035	31	56,854	0
Dr J Darby - Direct receipt	0	2,076	0	0
Dr R Edwards - GP with PMS Contract	2,092,237	414	118,333	0
Dr R Edwards - Direct receipt	0	534	0	0
Dr PD Gupta - GP with PMS Contract	431,362	0	12,675	0
Dr PD Gupta - Director & Owner of STPL Co (50%); Wife Partner & Owner (50%)	0	0	0	0
Dr PD Gupta - GP with APMS Contract (STPL Co)	276,942	0	9,446	0
Dr PD Gupta - Partnership Primecare (STPL Co) *2		see below		
Dr PD Gupta - Director St Thomas's Partnership				
Mr M Hartland, Chief Financial Officer - Non-Remunerated Public Sector Director Dudley Infracare LiftCo *1		see below		
Dr Mary Heber - Cardiologist, Shrewsbury & Telford Hospital NHS Trust *4		see below		
Dr D Hegarty - GP with PMS Contract	2,328,247	0	149,614	0
Dr D Hegarty - Direct receipt	6,137	7,381	0	0
Dr D Hegarty - Direct payment to Dr K Hegarty, wife in same GP practice	6,611	0	0	0
Dr T Horsburgh - Direct receipt	720	452	0	0
Mrs J Jasper - Governor & Audit Chair, Stourbridge College Corporation	196	967	0	0
Dr R Johnson - GP with GMS Contract	539,957	14,251	34,633	7,126
Dr R Johnson - Direct receipt	0	1,059		0
Mrs C Jones - Practice Manager, Partner in PMS Contract with Dr N Plant		see Dr N Plant		
Dr M Mahfouz - GP Partner in PMS Contract with Dr S Cartwright		see Dr S Cartwright		
Dr S Mann - GP with PMS Contract	2,875,975	0	186,186	153
Dr S Mann - Direct receipt	0	5,961	0	0
Dr S Mann - Dr R Mann, sister, provider of Paediatric Triage Service	27,320	0	0	0
Dr N Plant - GP with PMS Contract	555,723	0	62,583	0
Dr N Plant - Direct payment/owed	8,353	0	509	0
Mr J Polychronikis - CEO of DMBC *3		see below		
Dr L Pope - GP with PMS Contract	1,302,100	180,696	65,217	28,302
Dr L Pope - Direct receipt	0	2,095	0	0
Dr J Rathore - GP with PMS Contract	467,708	0	14,937	0
Dr J Rathore - Direct receipt	0	3,488	0	0

	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Transactions with non public bodies				
*1 Dudley Infracare LIFT Ltd	5,721,243	175,067	1,177,086	0
*2 Primecare - Provider of Out of Hours Service; Employer of GPs as Locums *2	3,381,259	4,504	166,605	0
Transactions with public bodies				

*3 See below for details of transactions with Black Country Metropolitan Borough Councils

37 Related party transactions (continued)

2012-13 (continued)

The Department of Health is regarded as a related party. During the year Dudley Primary Care Trust and the Black Country Cluster have had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below *4:

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dudley Group Healthcare NHS FT	207,322	3,060	1,632	0
Dudley & Walsall MH Partnership NHS Trust	30,820	2,091	339	158
Black Country Partnership NHS FT	16,605	3,399	253	3
Shrewsbury & Telford NHS Trust	504	0	16	0
Sandwell PCT	358	177	9	0
Walsall PCT	85	11	78	96
Wolverhampton PCT	380	200	14	88
Birmingham East & North PCT	45,972	269	12	0

In addition, the Primary Care Trust an the Black Country Cluster have had a significant number of transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Black Country Metropolitan Borough Councils in respect of joint enterprises. These entities are listed below *3

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dudley Metropolitan Borough Council	16,280	455	111	9
Sandwell Metropolitan Borough Council	255	0	0	0
Walsall Metropolitan Borough Council	27	0	0	0
Wolverhampton Metropolitan Borough Council	46	0	0	0

Prior Year Comparators 2011-12

	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
PCT & Cluster Board Member				
Dr ST Cartwright - GP with PMS Contract	739,841	0	38,071	52
Dr ST Cartwright - Direct receipt	0	4,514	0	0
Mrs G Cooper - Chair Dudley Children's Trust, Dudley MBC *3		see below		
PCT Board Members				
Ms J Deakin - Employee of Citizens Advice Bureau	72,944	0	0	0
Mr J Hall - Employee of BT PLC	785	59	353	0
Mr J Hall - Self-Employed as Flocom	3,153	0	0	0
Mr K Gaffney - Non-Remunerated Public Sector Director Dudley Infracare LiftCo *1		see below		
Mr K Gaffney - Shareholder in Marks & Spencer	2,610	0	0	0
Ms V Little - Area Committee Co-opted Member, Dudley MBC *4		see below		
Mr S Wellings - Self-employed as Wellimprove Associates Ltd	2,438	0	819	0
Cluster Board Members				
Mrs S Asar-Paul - Head of Policy & Performance, Dudley MBC *3		see below		
Dr R Gutteridge - Consultant, University of Wolverhampton	6,222	0	0	0
Mr B Lloyd -Employee, Sandwell MBC *3		see below		
Mr R Nugent - Past President Institute of Healthcare Engineering & Estates Management	0	294	0	0
CCG Board Members				
Mrs M Akufo-Tetteh - wife of GP with GMS Contract	222,709	0	14,431	0
Dr J Darby - GP with GMS Contract	969,916	211	56,854	31
Dr J Darby - Direct receipt	0	302	0	0
Dr R Edwards - GP with PMS Contract	2,198,144	231	119,509	100
Dr PD Gupta - GP with PMS Contract	498,162	0	12,104	0
Dr PD Gupta - Director & Owner of STPL Co (50%); Wife Partner & Owner (50%)				
Dr PD Gupta - GP with APMS Contract (STPL Co)	474,209	1,382	9,446	0
Dr PD Gupta - Partnership Primecare (STPL Co) *2		see below		
Dr PD Gupta - Director St Thomas's Partnership	750	0	0	0
Dr PD Gupta - Direct receipt	0	226	0	0
Mr M Hartland, Chief Financial Officer - Non-Remunerated Public Sector Director Dudley Infracare LiftCo *1		see below		
Dr D Hegarty - GP with PMS Contract	2,320,300	116	149,534	0
Dr D Hegarty - Direct payment	4,068	4,108	0	0
Dr D Hegarty - Direct payment to Dr K Hegarty, wife in same GP practice	6,611	0	0	0
Dr T Horsburgh - Direct payment & receipt	660	259	0	0

37 Related party transactions (continued)

Prior Year Comparators 2011-12 (continued)

	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
CCG Board Members				
Dr R Johnson - GP with GMS Contract	534,081	28,547	34,633	7,126
Mrs C Jones - Practice Manager, Partner in PMS Contract with Dr N Plant		see Dr N Plant		
Dr M Mahfouz - GP Partner in PMS Contract with Dr S Cartwright		see Dr S Cartwright		
Dr M Mahfouz - Direct payment	288	0	0	0
Dr S Mann - GP with PMS Contract	2,867,408	227	189,382	153
Dr S Mann - Dr R Mann, sister, provider of Paediatric Triage Service	44,395	0	0	0
Dr N Plant - GP with PMS Contract	1,101,005	23,231	62,583	0
Dr N Plant - Direct payment	6,436	0	508	0
Mr J Polychronikis - CEO of DMBC *3		see below		
Dr L Pope - GP with PMS Contract	1,293,407	309,322	65,217	28,302
Dr L Pope - Direct receipt	0	5,659	0	0
Dr J Randall - GP with PMS Contract	688,328	0	41,093	0
Dr J Randall - Direct payment	144	1,728	0	0
Dr J Rathore - GP with PMS Contract	438,776	0	14,090	0
Dr J Rathore - Direct receipt	0	3,430	0	0
Dr H Sahni - GP with GMS Contract	426,915	202,506	16,244	2,663
Dr H Sahni - Direct receipt	0	667	0	0
Dr S Wild - GP with PMS Contract (Lower Gornal)	878,594	30,698	49,212	138
Dr S Wild - GP with PMS Contract (Masefield Road)	66,347	0	9,784	0
Dr S Wild - Direct receipt	0	425	0	0

	Payments to Related Party £	Receipts from Related Party £	Amounts owed to Related Party £	Amounts due from Related Party £
Transactions with non public bodies				
*1 Dudley Infracare LIFT Ltd	4,433,493	171,794	234,027	0
*2 Primecare - Provider of Out of Hours Service; Employer of GPs as Locums *2	3,243,837	7,774	0	4,185
Transactions with public bodies				

*3 See below for details of transactions with Black Country Metropolitan Borough Councils

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

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dudley Group Healthcare NHS FT	202,366	3,336	2,344	29
Dudley & Walsall MH Partnership NHS Trust	28,389	2,469	0	112
Black Country Partnership NHS FT	15,948	2,779	436	365
Sandwell PCT	369	1,011	204	17
Walsall PCT	335	277	0	22
Wolverhampton PCT	168	225	23	122
Birmingham East & North PCT	45,485	678	0	0

In addition, the Primary Care Trust an the Black Country Cluster have had a significant number of transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with the Black Country Metropolitan Borough Councils in respect of joint enterprises. These entities are listed below *3

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dudley Metropolitan Borough Council	15,861	488	139	65
Sandwell Metropolitan Borough Council	318	0	0	0
Walsall Metropolitan Borough Council	21	0	1	0
Wolverhampton Metropolitan Borough Council	78	0	0	0

Dudley PCT Board is the Corporate Trustee for the Dudley PCT Charitable Fund. Following the transfer of funds related to Dudley Community Services to the new hosts, the remaining balance relates to funds linked to services provided by Dudley & Walsall MH Partnership NHS Trust so the number of related party transactions is minimal.

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dudley PCT Charitable Funds	0	1	0	0

38 Losses and special payments

The total number of losses cases in 2012-13 and their total value was as follows:	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	96,834	36
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
Special payments in respect of he provision of family practitioner services	0	0
Total losses	96,834	36
Total special payments	0	0
Total losses and special payments	96,834	36

The total number of losses cases in 2011-12 and their total value was as follows:	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	111,726	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 he provision of family practitioner services	0	0
Total losses	111,726	5
Total special payments	0	0
Total losses and special payments	111,726	5

There were no cases exceeding £250,000

39 Third party assets

The PCT held cash and cash equivalents at 31 March 2012 on behalf of patients. The majority of this balance belonged to clients in the care of Dudley & Walsall Mental Health Partnership Trust. The PCT continued to receive and payover monies on behalf of patients during 2012/13 and the balance was finally transferred to new accounts that had been set up by Dudley & Walsall MHPT in August 2012.

A longstanding balance relating to former, unidentified client(s) of the Learning Disability service that were most likely deceased and no-one had claimed anything was paid into the revenue account of Dudley PCT in July 2012.

These third party assets were not an asset of the PCT and had been excluded from the balances reported in the Accounts.

40 Pooled budgets

Dudley PCT has a number of pooled budget arrangements with Dudley Metropolitan Borough Council (DMBC) who host them. The PCT has received memorandum trading accounts in respect of these pooled budgets.

There are no balances in the PCT's Statement of Comprehensive Net Expenditure that relate to the pooled budget.

The PCT's shares of the income and expenditure handled by the pooled budget in the financial year were:	2012-13 £000	2011-12 £000
Children with Disabilities	185	185
Community Equipment Store	478	478
Dudley Falls Service	168	160
Independent Living Team / Acquired Brain Injury	30	30
Substance Misuse	11	11

41 Cashflows relating to exceptional items

The PCT has had no cashflows relating to exceptional items

42.1 Events after the end of the reporting period

On the 1st April 2013 all of the assets and liabilities of Dudley PCT will transfer to a number of other statutory bodies. In order to discharge the majority of current assets and liabilities, the Department of Health will operate the PCT's current bank accounts until the 30th June 2013.

All of the assets and liabilities associated with the LIFT premises will transfer to Community Health Partnerships. This includes the Land; Buildings; LIFTCo Investments; Borrowings; Pre-paid Lifecycle Costs; and the element of the Revaluation Reserve relating to the LIFT premises.

All other Land, Buildings plus Plant & Machinery Assets will transfer to NHS Property Services. They will also receive Equipment Assets that they currently use such as Fleet Vehicles.

The majority of IT assets will transfer with the current users. The only IT assets with a Net Book Value of any significance are those for GP IT and HCS and these will pass to the Commissioning Board.

The other long term liabilities are Provisions. A number associated with service relocation should be discharged in the first three months of 2012/13. The majority of the remainder will go to the CCG (Continuing Healthcare) or NHS Property Services (Dilapidations and most of the Onerous Contracts).

42.2 Future arrangements for activities currently undertaken by Dudley PCT

The Health and Social Care Act 2012 restructured the current commissioning structure of the NHS and as such Dudley PCT as a statutory body will cease to exist on 1st April 2013.

The main functions of the PCT will transfer to other organisations as outlined below:

Dudley Clinical Commissioning Group will be the commissioner of acute and community services for the population of Dudley. Approximately 80% of the current PCT resource limit will be received by the CCG in the form of a direct allocation from the Department of Health.

Dudley Metropolitan Borough Council will receive and provide public health services.

NHS England will be the commissioner of primary care, including GP services, pharmacists, opticians and dentists, in addition to the commissioning of specialised services.

Community Health Partnerships will receive the PCT's shareholding in Dudley Infracare LIFT Limited. It will also be the holder of the Head Lease for the three LIFT contracts in Dudley.

NHS Property Services will take ownership of the PCT land and buildings.

All of the above transfers occur on 1st April 2013 following the approval of the Transfer Scheme and Black Country Cluster Board on 25th April 2013.

Department of Health

NHS

Sandwell Primary Care Trust

2012-13 Accounts

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Sandwell Primary Care Trust

2012-13 Accounts

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

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

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

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

Signed.....Designated Signing Officer

Name: WENDY SAVAGE.

Date...06:06:13..

2012-13 Annual Accounts of Sandwell Primary Care Trust

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

06:06:13 .....Date ....Signing Officer

06:06:13 .....Date ....Finance Signing Officer

Annual Governance Statement – 2012/13
Sandwell Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Sandwell PCT, Dudley PCT, Walsall PCT and Wolverhampton PCT. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Sandwell and West Birmingham Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiency, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two Public/Patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 82%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There have been no breaches of data security in year.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and

the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee. An internal audit review has provided moderate assurance in relation to primary care contractor payment systems in relation to Sandwell PCT.

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that there is generally a sound system of internal control designed to meet the organisations objectives and gives an overall level of significant assurance.

The opinion did identify some weakness relating to Primary Care Contractor payments, and a specific contract for the supply of Tissue Viability equipment. Specifically for Primary Care Contractors, this related to the resilience and availability of resources, and controls relating to the oversight of budgets. This will be addressed through the Birmingham & Black Country Area Team during the new financial year.

With regard to the contract for Tissue Viability equipment, professional advisors were appointed by Sandwell PCT and the ongoing conclusion of this issue will be addressed by Sandwell & West Birmingham CCG.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

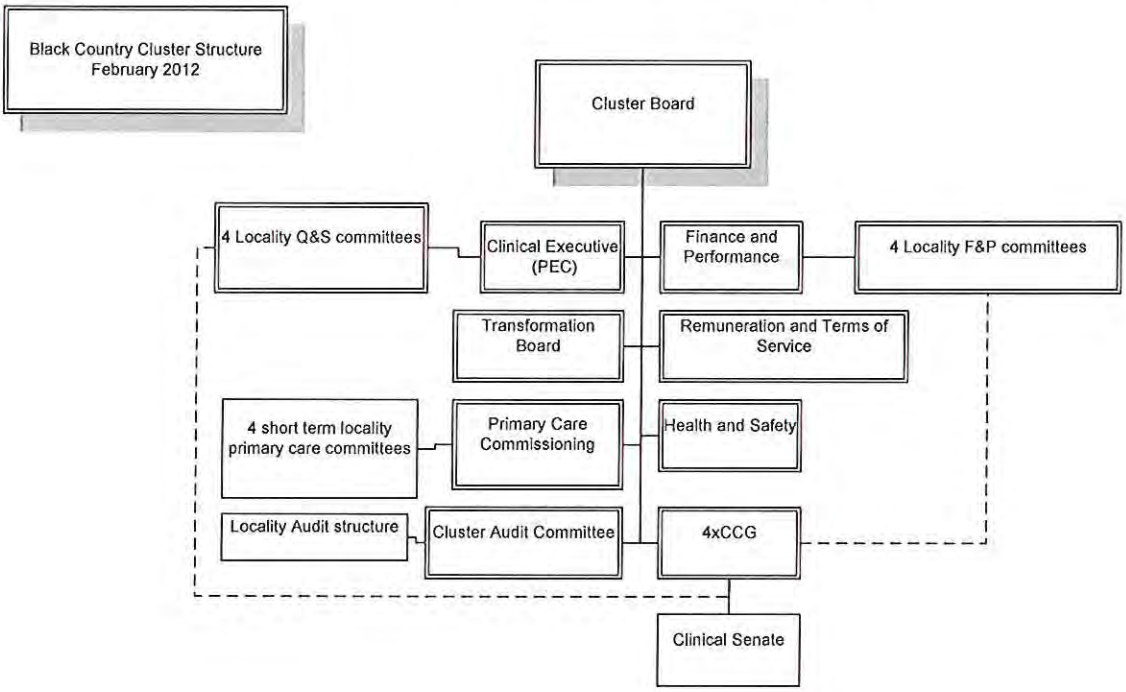
Accountable Officer Name : Wendy Saviour

Organisation: Sandwell PCT

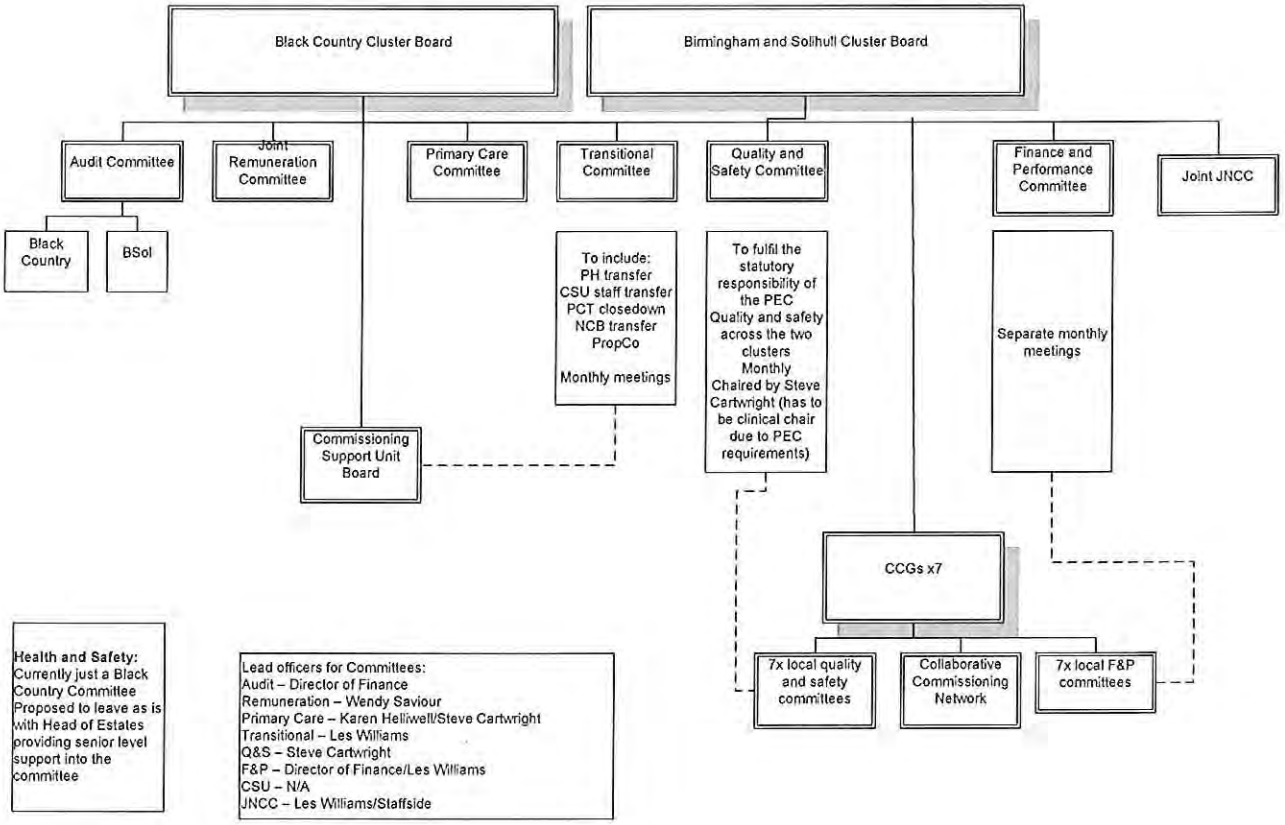
Signature W Saviour

Date 06.06.13

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



KPMG

INDEPENDENT AUDITOR'S REPORT TO THE SIGNING OFFICER OF SANDWELL PRIMARY CARE TRUST

We have audited the financial statements of Sandwell Primary Care Trust for the year ended 31 March 2013 on pages 1 to 45. 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 Sandwell Primary Care Trust in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Signing Officer of the PCT those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Signing 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 The Responsibilities of the Signing Officer of the Primary Care Trust, 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 Sandwell Primary Care Trust 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 Sandwell Primary Care Trust 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.

Andrew Bostock, for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

7 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**13,452**	15,859
Other costs	5.1	**610,080**	583,377
Income	4	**(16,840)**	(18,443)
Net operating costs before interest		**606,692**	580,793
Investment income	9	**0**	(112)
Other (Gains)/Losses	10	**(77)**	13
Finance costs	11	**1,991**	1,479
Net operating costs for the financial year		**608,606**	582,173
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**608,606**	**582,173**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**9,087**	10,136
Other costs	5.1	**5,902**	6,229
Income	4	**(293)**	(2,407)
Net administration costs before interest		**14,696**	**13,958**
Investment income	9	**0**	(112)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	2
Net administration costs for the financial year		**14,696**	**13,848**
Programme Expenditure			
Gross employee benefits	7.1	**4,365**	5,723
Other costs	5.1	**604,178**	577,148
Income	4	**(16,547)**	(16,036)
Net programme expenditure before interest		**591,996**	**566,835**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**(77)**	13
Finance costs	11	**1,991**	1,477
Net programme expenditure for the financial year		**593,910**	**568,325**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**94**	519
Net (gain) on revaluation of property, plant & equipment	**(93)**	(673)
Net (gain) on revaluation of intangibles	**0**	0
Net (gain) on revaluation of financial assets	**0**	0
Net (gain)/loss on other reserves	**0**	0
Net (gain)/loss on available for sale financial assets	**0**	0
Net (gain) /loss on Assets Held for Sale	**0**	
Release of Reserves to Statement of Comprehensive Net Expenditure	**0**	
Net actuarial (gain)/loss on pension schemes	**0**	0
Reclassification Adjustments		
Reclassification adjustment on disposal of available for sale financial assets	**0**	0
Total comprehensive net expenditure for the year*	**608,607**	**582,019**

*This is the sum of the rows above plus net operating costs for the financial year.
The notes on pages 5 to 45 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**31,851**	31,527
Intangible assets	13	**0**	102
investment property	15	**0**	0
Other financial assets	21	**642**	475
Trade and other receivables	19	**103**	0
Total non-current assets		**32,596**	32,104
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**9,203**	8,163
Other financial assets	36	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**1,182**	715
Total current assets		**10,385**	8,878
Non-current assets held for sale	24	**0**	0
Total current assets		**10,385**	8,878
Total assets		**42,981**	40,982
Current liabilities			
Trade and other payables	25	**(41,561)**	(42,680)
Other liabilities	26,28	**0**	0
Provisions	32	**(3,287)**	(4,373)
Borrowings	27	**(487)**	(478)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(45,335)**	(47,531)
Non-current assets plus/less net current assets/liabilities		**(2,354)**	(6,549)
Non-current liabilities			
Trade and other payables	25	0	0
Other Liabilities	28	0	0
Provisions	32	(2,018)	(1,008)
Borrowings	27	(15,415)	(15,900)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(17,433)**	(16,908)
Total Assets Employed:		**(19,787)**	(23,457)
Financed by taxpayers' equity:			
General fund		(23,362)	(27,393)
Revaluation reserve		3,575	3,936
Other reserves		0	0
Total taxpayers' equity:		**(19,787)**	(23,457)

The notes on pages 5 to 45 form part of this account.

The financial statements on pages 1 to 4 were approved by the Board on *[date]* and signed on its behalf by

Chief Executive: Date:

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**(27,393)**	**3,936**	**0**	**(23,457)**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(608,606)			**(608,606)**
Net gain on revaluation of property, plant, equipment		93		**93**
Net gain on revaluation of intangible assets		0		**0**
Net gain on revaluation of financial assets		0		**0**
Net gain on revaluation of assets held for sale		0		**0**
Impairments and reversals		(94)		**(94)**
Movements in other reserves			0	**0**
Transfers between reserves*	360	(360)		**0**
Release of Reserves to SOCNE		0		**0**
Reclassification Adjustments				
Transfers between Revaluation Reserve & General Fund in respect of assets transferred under absorption	0	0		**0**
Net actuarial gain/(loss) on pensions	0		0	**0**
Total recognised income and expense for 2012-13	**(608,246)**	**(361)**	**0**	**(608,607)**
Net Parliamentary funding	612,277			**612,277**
Balance at 31 March 2013	**(23,362)**	**3,575**	**0**	**(19,787)**
Balance at 1 April 2011	**(30,652)**	**3894**	**0**	**(26,758)**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(582,173)			(582,173)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		673		673
Net Gain / (loss) on Revaluation of Intangible Assets		0		0
Net Gain / (loss) on Revaluation of Financial Assets		0		0
Net Gain / (loss) on Assets Held for Sale		0		0
Impairments and Reversals		(519)		(519)
Movements in other reserves			0	0
Transfers between reserves*	112	(112)		0
Release of Reserves to Statement of Comprehensive Net Expenditure		0		0
Reclassification Adjustments				
Transfers to/(from) Other Bodies within the Resource Account Boundary	0	0	0	0
On disposal of available for sale financial assets	0	0	0	0
Net actuarial gain/(loss) on pensions	0		0	0
Total recognised income and expense for 2011-12	(582,061)	42	0	(582,019)
Net Parliamentary funding	585,320			585,320
Balance at 31 March 2012	**(27,393)**	**3,936**	**0**	**(23,457)**

Statement of cash flows for the year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(606,692)**	(580,793)
Depreciation and Amortisation		**2,246**	2,215
Impairments and Reversals		**2,054**	143
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		**(1,848)**	(1,371)
Release of PFI/deferred credit		**0**	0
(Increase)/Decrease in Inventories		**0**	118
(Increase)/Decrease in Trade and Other Receivables		**(1,143)**	(3,717)
(Increase)/Decrease in Other Current Assets		**0**	0
Increase/(Decrease) in Trade and Other Payables		**(1,206)**	1,718
(Increase)/Decrease in Other Current Liabilities		**0**	0
Provisions Utilised		**(2,274)**	(1,888)
Increase/(Decrease) in Provisions		**2,055**	(219)
Net Cash Inflow/(Outflow) from Operating Activities		**(606,808)**	**(583,794)**
Cash flows from investing activities			
Interest Received		**0**	112
(Payments) for Property, Plant and Equipment		**(4,867)**	(2,202)
(Payments) for Intangible Assets		**0**	(63)
(Payments) for Other Financial Assets		**0**	0
(Payments) for Financial Assets (LIFT)		**0**	0
Proceeds of disposal of assets held for sale (PPE)		**343**	0
Proceeds of disposal of assets held for sale (Intangible)		**0**	0
Proceeds from Disposal of Other Financial Assets		**0**	0
Proceeds from the disposal of Financial Assets (LIFT)		**0**	0
Loans Made in Respect of LIFT		**0**	0
Loans Repaid in Respect of LIFT		**0**	0
Rental Revenue		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(4,524)**	**(2,153)**
Net cash inflow/(outflow) before financing		**(611,332)**	**(585,947)**
Cash flows from financing activities			
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT		**(478)**	(509)
Net Parliamentary Funding		**612,277**	585,320
Capital Receipts Surrendered		**0**	0
Capital grants and other capital receipts		**0**	0
Cash Transferred (to)/from Other NHS Bodies (free text note required)		**0**	0
Net Cash Inflow/(Outflow) from Financing Activities		**611,799**	**584,811**
Net increase/(decrease) in cash and cash equivalents		**467**	**(1,136)**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		**715**	**1,851**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies		**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end		**1,182**	**715**

1. Accounting policies

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

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

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

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

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

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

[may be included in the individual subject notes rather than brought together here].

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.

The PCT estimates the useful economic lives of its non current assets. Every care is taken to ensure that estimates are robust however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held.

When considering provisions for events such as pension payments, the NHS Litigation Authority claims and other legal cases the PCT uses estimates based on expert advice from agencies such as the NHSLA and the experience of its managers.

Property assets account for the majority of assets employed by the PCT. The valuation of these assets is considered the factor most likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In order to provide an up-to-date, accurate valuation of these assets an external valuer determined the appropriate values of these assets as at 19 March 2013 adopting the Modern Equivalent Asset valuation technique. This was a desk top valuation. This was in line with the PCTs accounting policy to carry out a full valuation of land and buildings every 3 years with desk top valuations between this period. In 2011/12 there was a full valuation.

Critical judgements in applying accounting policies

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

During the 2011/12 financial year, the PCT started operating as a Black Country Cluster with 3 other PCTs, Dudley, Wolverhampton and Walsall. Costs incurred to develop the Cluster arrangements, including CCG (Clinical Commissioning Groups) and the Commissioning Support Service development were shared. The costs were split based on patient populations.

In 2012/13, NHS England made a decision to merge the Black Country and Birmingham and Solihull Commissioning Support Units and create the Central Midlands CSU. During the year, any costs incurred as a result of the CSU formation have been shared across all 8 PCTs in the areaa covered by the CSU. Again, these costs have been shared based on patient numbers. The majority of the costs relate to the finance system implementation costs and consultancy costs. Details are provided in note 5.

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

1. Estimated finance lease implicit interest rate and lifecycle costs used in the Department of Health model to arrive at the figures of LIFT assets and liabilities recognised in the statement of financial position. Implicit interest rates calculated for LIFT scheme Phase 1A: 6.246%, and Phase 1B: 6.971%. There were no new Lift Schemes accounted for in 2012/13. During 2011/12, a finance lease for a birthing centre was accounted for which has an implied interest rate of 11%.

1. Accounting policies (continued)

2. The bad debt provision is based on a specific provision based on providing for 100% of non NHS invoices over 6 months old, plus a general provision. There has been a push in 2012/13 to reduce debtors due to the demise of the PCT. The specific provision reduced by £38k in the year, representing the collection of debts previously provided for. The bad debt provision balance stands at £38k at year end.

3. Creditor accruals for expenditure are made on the basis of commitment of outstanding invoices, where services were provided or goods received as at year end.

4. A large accrual for Pharmacy charges has been made amounting to £2.5m for the January to March period. This is an estimate based on past charges and in line with the PCT Itemised Remuneration Report and the methodology used last year end.

5. The Quality and Outcomes Framework (QoF) is a GP Payments scheme. It is a points based system and the average number of points achieved per GP Practice in 2012/13 (971) has been used to calculate the value of payments remaining in relation to 2012/13 which take into account 70% QoF aspiration payment already made in year. It is adjusted to reflect changes in GP List Sizes and the 2012/13 value of a QoF point which, as specified in GMS statement of financial entitlement (SFE), is £133.76. This methodology is in line with previous years. The value of the accrual in 2012/13 is £2.69m.

6. During the year a large number of retrospective claims were made to Sandwell PCT, a trend which was replicated nationally. With these claims still yet to be heard the Continuing Healthcare provision amounts to £3.5m and is based on an estimate of best, worse and mid case scenarios of a number of live claims.

7. In 2010/11 the PCT created a redundancy and a restructuring provision due to the changes announced by the Government in their White Paper, 'Equity and Excellence - Liberating the NHS' . The figure brought forward in to 2012/13 was £2.6m. During the year, £2.1m was utilised, and there was an increase of £142k, but some (£27k) was reversed unused from the prior year. The provision for redundancy payments as at 31/3/2013 stands at £644k. This is for the final payments to those staff who have opted to leave under the RETS scheme (retention scheme) and are key individuals responsible for closing the PCT down. They leave on 30 June 2013. There was a balance brought forward in the provisions of property costs. This was reversed unused in year (£352k).

8. Also within year, the PCT estimated the level of non-contracted hospital treatment activity. The patient treatment would have been completed, but the PCT has not yet been provided with details, so an estimate is required. This has been calculated based on previous year's activity levels and profiling throughout the year. The accrued cost for this is £273k.

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.

Revenue which has been received and allocated for a specific activity, but delivery is to take place in future financial periods, that revenue will be classified as deferred income.

1.3 Pooled budgets

The PCT has entered into a pooled budget with Sandwell Metropolitan Borough Council (SMBC). Under the arrangement, funds are pooled under S75 of the Health Act 2006 for Adult Mental Health, Learning Disabilities activities and Community Equipment. A memorandum note to the accounts provides details of the joint income and expenditure.

The Learning Disabilities and Community Equipment pools are hosted by SMBC. The Adult Mental Health pool is hosted by Sandwell PCT. 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.
Pooled budgets are unaudited and are included on page 44.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

1. Accounting policies (continued)

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

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

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

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

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

An external valuer determined the appropriate values of Property assets adopting the Modern Equivalent Asset valuation technique. This was a desk top valuation. This was in line with the PCTs accounting policy to carry out a full valuation of land and buildings every 3 years with desk top valuations between this period. In 2011/12 there was a full valuation.

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 Donated assets

Following the accounting policy change outlined in the Treasury FREM for 2011-12, a donated asset reserve is no longer maintained.

1.10 Government grants

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

1.11 Non-current assets held for sale

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

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

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

1.12 Inventories

Sandwell PCT does not hold any inventories (stock).

1.13 Cash and cash equivalents

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

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

1.14 Losses and Special Payments

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

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

1.15 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.16 Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. Due to the PCT closing down at 31/03/2013, leave earned but not yet taken could not be permitted to be carried forward 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.

1.17 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.

1.18 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.

1.19 EU Emissions Trading Scheme

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

1. Accounting policies (continued)

1.20 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.

1.21 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.

1.22 Foreign exchange

There were no transactions resulting in foreign exchange gains or losses with in the financial period. No exchange gains and losses are taken to the Statement of Comprehensive Net Expenditure.

1.23 Provisions

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

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

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

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

1. Accounting policies (continued)

1.24 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible. In the case of Sandwell LiFT investments there is no market price so the fair value is deemed to be equal to cost.

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

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

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

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

1. Accounting policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

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

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

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

LIFT assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at the present value of the minimum lease payments in accordance with the principles of IAS 17. The PCT will not exercise its option to purchase and therefore the LIFT assets' values remain at the minimum lease payments in accordance with IAS17.

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

Sandwell PCT has five LIFT properties financed by Sandwell LIFT Company Limited, of which the PCT is a shareholder. The properties are Oldbury Health Centre, Birmingham Road Health Centre, Whiteheath Primary Care Centre, Yew Tree Health Living Centre and a new one for 2011/12, Glebefields. Each of the five buildings are leased to Sandwell PCT for a total of 25 years until 2031 and the net book value of the assets included in the Statement of Financial Position as at 31 March 2013 is £12,957k.

1. Accounting policies (continued)

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

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

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

c) Lifecycle replacement
Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

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

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

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

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

1. Accounting policies (continued)

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

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

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

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013, Sandwell* PCT was dissolved on 1st April 2013. The PCT's/SHA's functions, assets and liabilities transferred to other public sector entities as outlined in Note 42.1 and 42.2 *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*

2 Operating segments

In previous years the PCT had Provider Services within its accounts. The Service was assessed under the criteria to be classified as an Operating Segment under International Accounting Standards. As the expenditure was only 6% of net operating costs it did not meet the criteria to be treated as a separate operating segment under IFRS 8 'Operating Segments', (10% being the threshold). The PCT therefore disclosed only one segment in the accounts. Under Transforming Community Services, only the Commissioner part of the PCT exists and the PCT thus has only one segment in 2012/13.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		582,173
Net operating cost plus (gain)/loss on transfers by absorption	**608,606**	
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**618,739**	591,062
Under/(Over)spend Against Revenue Resource Limit (RRL)	10,133	8,889

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**5,112**	10,017
Charge to Capital Resource Limit	**4,803**	10,008
(Over)/Underspend Against CRL	**309**	**9**

The CRL Limit in 2011/12 was significantly higher due to the Glebefields Health Centre LIFT project at £7.0m.

3.3 Under/(Over)spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**612,277**	585,320
Cash Limit	**612,277**	588,320
Under/(Over)spend Against Cash Limit	**0**	**3,000**

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

	2012-13 £000
Total cash received from DH (Gross)	527,226
Less: Trade Income from DH	(26)
Less/(Plus): movement in DH working balances	(1)
Sub total: net advances	**527,199**
(Less)/plus: transfers (to)/from other resource account bodies (free text note required)	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	16,345
Plus: drugs reimbursement (central charge to cash limits)	68,733
Parliamentary funding credited to General Fund	**612,277**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**0**	0	0	633
Dental Charge income from Contractor-Led GDS & PDS	**3,266**	0	3,266	3,215
Dental Charge income from Trust-Led GDS & PDS	**0**	0	0	0
Prescription Charge income	**3,102**	0	3,102	3,585
Strategic Health Authorities	**1,681**	0	1,681	1,618
NHS Trusts	**201**	19	182	296
NHS Foundation Trusts	**124**	0	124	46
Primary Care Trusts Contributions to DATs	**0**	0	0	0
Primary Care Trusts - Other	**720**	81	639	1,252
Primary Care Trusts - Lead Commissioning	**0**	0	0	0
English RAB Special Health Authorities	**61**	0	61	0
NDPBs and Others (CGA)	**0**	0	0	0
Department of Health - SMPTB	**0**	0	0	0
Department of Health - Other	**26**	0	26	1
Recoveries in respect of employee benefits	**0**	0	0	731
Local Authorities	**1,254**	101	1,153	1,013
Patient Transport Services	**0**	0	0	0
Education, Training and Research	**324**	0	324	925
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	**13**	13	0	1
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	**5,041**	31	5,010	4,571
Other revenue	**1,027**	48	979	556
Total miscellaneous revenue	**16,840**	**293**	**16,547**	**18,443**

The three lines worthy of note are as follows:

The main variances to note are with regard to Fees and Charges and Other Revenue.

In 2011/12, the PCT provided Surestart nursery services. This income was contained within Fees and Charges. During 2011/12, the provision ceased.

Rental revenue has increased mainly due to the opening of the new Glebefields Health Centre.

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**60,877**		60,877	62,455
Non-Healthcare	**648**	193	455	381
Total	**61,525**	**193**	**61,332**	**62,836**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**226,549**	184	226,365	214,178
Goods and services (other, excl Trusts, FT and PCT))	**1**	0	1	60
Total	**226,550**	**184**	**226,366**	**214,238**
Goods and Services from Foundation Trusts	**102,018**	0	102,018	96,734
Purchase of Healthcare from Non-NHS bodies	**51,224**		51,224	45,011
Social Care from Independent Providers	**0**		0	0
Expenditure on Drugs Action Teams	**2,533**		2,533	2,578
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**19,122**		19,122	19,476
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**		0	0
Chair, Non-executive Directors & PEC remuneration	**131**	131	0	74
Executive committee members costs	**81**	81	0	242
Consultancy Services	**2,923**	1,172	1,751	1,462
Prescribing Costs	**66,263**		66,263	67,361
G/PMS, APMS and PCTMS (excluding employee benefits)	**48,651**	0	48,651	47,039
Pharmaceutical Services	**781**		781	884
Local Pharmaceutical Services Pilots	**0**		0	0
New Pharmacy Contract	**5,400**		5,400	5,112
General Ophthalmic Services	**3,692**		3,692	3,818
Supplies and Services - Clinical	**658**	14	644	1,207
Supplies and Services - General	**1,327**	809	518	808
Establishment	**1,132**	548	584	1,160
Transport	**32**	0	32	55
Premises	**6,810**	1,568	5,242	7,954
Impairments & Reversals of Property, plant and equipment	**1,989**	0	1,989	143
Impairments and Reversals of non-current assets held for sale	**(12)**	0	(12)	0
Depreciation	**2,221**	552	1,669	2,124
Amortisation	**25**	23	2	91
Impairment & Reversals Intangible non-current assets	**77**	0	77	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**(129)**	0	(129)	37
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**155**	155	0	248
Other Auditors Remuneration	**19**	19	0	33
Clinical Negligence Costs	**35**	0	35	13
Education and Training	**670**	291	379	486
Grants for capital purposes	**2,352**	0	2,352	383
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**1,825**	162	1,663	1,770
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**610,080**	**5,902**	**604,178**	**583,377**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**513**	513	0	860
Other Employee Benefits	**12,939**	8,574	4,365	14,999
Total Employee Benefits charged to SOCNE	**13,452**	**9,087**	**4,365**	**15,859**
Total Operating Costs	**623,532**	**14,989**	**608,543**	**599,236**

Analysis of grants reported in total operating costs			
For capital purposes			
Grants to fund Capital Projects - GMS	**1,961**	0	1,961	0
Grants to Local Authorities to Fund Capital Projects	**391**	0	391	383
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	**0**	0	0	0
Total Capital Grants	**2,352**	**0**	**2,352**	**383**
Grants to fund revenue expenditure				
To Local Authorities	**0**	0	0	0
To Private Sector	**0**	0	0	0
To Other	**0**	0	0	0
Total Revenue Grants	**0**	**0**	**0**	**0**
Total Grants	**2,352**	**0**	**2,352**	**383**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**14,696**	12,410	2,286
Weighted population (number in units)*	**353,398**	353,398	353,398
Running costs per head of population (£ per head)	**42**	**35**	**6**
PCT Running Costs 2011-12			
Running costs (£000s)	**14,016**	11,732	2,284
Weighted population (number in units)	**353,398**	353,398	353,398
Running costs per head of population (£ per head)	**40**	**33**	**6**

* 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

Notes to support figures above

The increases for both Trusts and Foundation Trust expenditure is as expected growth in activity year on year.

The spend on consultancy is £1.5m more than in 2011/12. This increase mainly relates to the following:

Consultancy charges for the set up of the NHS Central Midlands CSU. Mainly Atos.
CQC Compliance services from Davis Langdon, and other estates servcies from CPC Projects Services and BDO Stoy Haywood.
Establishment of the CCG around strategic re-design
Collaborative working options across Birmgham and the Black Country
Consultants to support the emerging organisations whilst losing permanent staff
Public Health projects

The impairments cost relates to non current assets such as IT equipment that has been written off as a result of it no longer having any future economic use in the emerging organisations.

The capital grants cost relates to work carried out on GP premises in order to ensure they are up to the standard required of the Care Quality Commission.

5.2 Analysis of operating expenditure by expenditure classification

	2012-13	2011-12
	£000	£000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	48,651	47,042
Prescribing costs	66,263	67,361
Contractor led GDS & PDS	19,122	19,476
Trust led GDS & PDS	0	0
General Ophthalmic Services	3,692	3,818
Department of Health Initiative Funding	0	0
Pharmaceutical services	781	884
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	5,400	5,112
Non-GMS Services from GPs	0	0
Other	0	0
Total Primary Healthcare purchased	**143,909**	143,693
Purchase of Secondary Healthcare		
Learning Difficulties	8,653	8,296
Mental Illness	50,330	49,636
Maternity	21,373	16,122
General and Acute	273,814	269,392
Accident and emergency	13,692	11,836
Community Health Services	68,627	64,746
Other Contractual	4,116	718
Total Secondary Healthcare Purchased	**440,605**	420,746
Grant Funding		
Grants for capital purposes	2,352	383
Grants for revenue purposes	0	0
Total Healthcare Purchased by PCT	**586,866**	**564,822**
PCT self-provided secondary healthcare included above	0	0
Social Care from Independent Providers	0	0
Healthcare from NHS FTs included above	102,045	96,202

Purchase of Secondary Healthcare - Other Contractual: includes CCG Innovation Funds

6. Operating Leases

The PCT is the lessee for a number of different buildings occupied by people working in various services within the PCT. The main buildings are Kingston House and The Lyng both in West Bromwich. In addition, the PCT leases four properties for GP occupation. Three of these are managed by the same company (Malling Health) and in total cost £1.2m p.a. For all four the lease term is only 5 years as they are temporary builds. There are no purchase options.

The most significant individual lease building is the Lyng at almost £1m p.a. The landlord is Prime Public Partnerships Ltd. It is a 25 year lease ending 27th November 2030. The option exists for a second term renewed lease and there are restrictions around planning for other uses. For Kingston House the charge is £495k p.a. for the rent and service charges. During the year the PCT had to make a payment for dilapidation costs for the Metro Court premises in West Bromwich as the property was no longer required under the NHS reforms. In addition, in 12/13, a payment has been made of £176k to Sandwell MBC to exit from a lease for land at the old Glebefields Health Centre .

	£000	£000	£000	£000	£000
Payments recognised as an expense	**Land**	**Buildings**	**Other**		
Minimum lease payments				**3,435**	3,559
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**3,435**	**3,559**
Payable:					
No later than one year	**0**	**3,613**	**0**	**3,613**	3,586
Between one and five years	**0**	**11,712**	**0**	**11,712**	11,659
After five years	**0**	**22,516**	**0**	**22,516**	23,934
Total	**0**	**37,841**	**0**	**37,841**	**39,179**

Total future sublease payments expected to be received	0	0

Sandwell PCT has entered into certain financial arrangements involving the use of GP premises. Under IAS 17 - Leases

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	**5,041**	4,571
Contingent rents	**0**	0
Total	**5041**	4,571
Receivable:		
No later than one year	**5,041**	4,571
Between one and five years	**20,164**	17,224
After five years	**25,206**	21,530
Total	**50,411**	43,325

Within this note the PCT has included the arrangements for the use of the PCT property to Sandwell and West Birmingham NHS Trust and Birmingham Community Healthcare NHS Trust. In 2013/14 the ownership of the property being utilised by Sandwell and West Birmingham NHS Trust will be transferred so this lease arrangement will cease.

On 1st April 2012, the PCT's community services arm (excluding dental services) transferred to Sandwell & West Birmingham Hospitals NHS Trust under the Transforming Community Services agenda. The dental service transferred to Birmingham Community Healthcare NHS Trust during 2010-2011. Consequently, SWBH and BCHT occupy some of the PCT's properties. The terms of use are included within Service Level Agreements the PCT holds with the trusts.

Under IFRS GAAP, the PCT is required to assess the arrangements for the use of these buildings under the special topics accounting standard IFRIC4: Arrangements that May Contain a Lease. An arrangement contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset(s). Both of these criteria are met within the SLAs, resulting in the PCT accounting for the properties under IAS17: Accounting for Leases. This standard determines that the arrangements must be accounted for as Operating Leases resulting in the rental income recognised above (£4,309k).

7. Employee benefits and staff numbers

7.1 Employee benefits

	2012-13								
				Permanently employed			Other		
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	**10,206**	7,516	2,690	**8,899**	6,987	1,912	**1,307**	529	778
Social security costs	**927**	653	274	**927**	653	274	**0**	0	0
Employer Contributions to NHS BSA - Pensions Division	**1,303**	918	385	**1,303**	918	385	**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	**1,016**	0	1,016	**1,016**	0	1,016	**0**	0	0
Total employee benefits	**13,452**	**9,087**	**4,365**	**12,145**	**8,558**	**3,587**	**1,307**	**529**	**778**
Less recoveries in respect of employee benefits (table below)	**0**	0	0	**0**	**0**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**13,452**	**9,087**	**4,365**	**12,145**	**8,558**	**3,587**	**1,307**	**529**	**778**
Employee costs capitalised	**0**	0	0	**0**	0	0	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**13,452**	**9,087**	**4,365**	**12,145**	**8,558**	**3,587**	**1,307**	**529**	**778**
Recognised as:									
Commissioning employee benefits	**13,452**			**12,145**			**1,307**		
Provider employee benefits	**0**			**0**			**0**		
Gross Employee Benefits excluding capitalised costs	**13,452**			**12,145**			**1,307**		

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	**12,965**	11,494	1,471
Social security costs	**1,077**	1,077	0
Employer Contributions to NHS BSA - Pensions Division	**1,580**	1,580	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**237**	237	0
Total gross employee benefits	**15,859**	**14,388**	**1,471**
Less recoveries in respect of employee benefits	**(731)**	(731)	0
Total - Net Employee Benefits including capitalised costs	**15,128**	**13,657**	**1,471**
Employee costs capitalised	**0**	0	0
Gross Employee Benefits excluding capitalised costs	**15,859**	**14,388**	**1,471**
Recognised as:			
Commissioning employee benefits	**15,859**		
Provider employee benefits	**0**		
Gross Employee Benefits excluding capitalised costs	**15,859**		

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	**4**	4	0	**7**	7	0
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**258**	224	34	**302**	283	19
Healthcare assistants and other support staff	**0**	0	0	**18**	18	0
Nursing, midwifery and health visiting staff	**13**	13	0	**22**	22	0
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**9**	9	0	**10**	10	0
Social Care Staff	**0**	0	0	**0**	0	0
Other	**0**	0	0	**1**	1	0
TOTAL	**284**	**250**	**34**	**359**	**340**	**19**
Of the above - staff engaged on capital projects	**0**	0	0	**0**	0	0

Due to the demise of the PCT through the NHS reforms, many staff have left the organisation. Some left under the Mutually Agreed Resignation Scheme. Others were compulsory redundant and others are due to leave on 30 June 2013 when the final accounts process is completed. See note 7.4

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**3,149**	**11,105**
Total Staff Years	**393**	**1,130**
Average working Days Lost	8.01	9.83

The sickness data shown above was provided by the Department of Health.

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**1**	0
	£000s	£000s
Total additional pensions liabilities accrued in the year	**84**	0

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	**5**	**5**	**10**	26	2	**28**
£10,001-£25,000	**7**	**21**	**28**	3	1	**4**
£25,001-£50,000	**3**	**21**	**24**	1	1	**2**
£50,001-£100,000	**6**	**13**	**19**	0	2	**2**
£100,001 - £150,000	**1**	**4**	**5**	0	0	**0**
£150,001 - £200,000	**0**	**2**	**2**	0	0	**0**
>£200,000	**0**	**0**	**0**	0	0	**0**
Total number of exit packages by type (total cost	**22**	**66**	**88**	**30**	**6**	**36**
	£	**£**	**£**	£	£	£
Total resource cost	838,376	2,877,593	3,715,969	226,000	186,000	412,000

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme (Pension Scheme and Compensation for Premature Retirement) Amendment Regulations 2006 and Section 16 of Agenda for Change.

A number of other departures have been agreed under the local mutually agreed resignation scheme (MARS). MARS is a form of voluntary severance, designed to enable individual employees - in agreement with their employer - to choose to leave their employment voluntarily, in return for payment. This scheme follows the principles set out in Section 20 of the NHS terms and conditions of service handbook which were agreed by the NHS Staff Council. The schemes were agreed by the SHA through delegated authority from HM Treasury.

Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table.

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

7.5 Pension costs

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

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2013, is based on the valuation data as 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.

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

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**14,078**	**109,208**	18,389	111,150
Total Non-NHS Trade Invoices Paid Within Target	**12,077**	**89,866**	14,891	96,663
Percentage of NHS Trade Invoices Paid Within Target	85.79%	82.29%	80.98%	86.97%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,330**	**360,999**	1,668	371,336
Total NHS Trade Invoices Paid Within Target	**1,596**	**354,356**	1,170	364,803
Percentage of NHS Trade Invoices Paid Within Target	68.50%	98.16%	70.14%	98.24%

The Better Payment Practice Code requires the PCT to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The performance in 12/13 is showing a reduction in performance in three out of the four categories on number of NHS and non NHS payments. On 1 October 2012, the PCT implemented a new financial system Oracle with NHS Shared Business Services who provide a financial accounting service. A part of the procure to pay processes which impact this measure are now embedded within the NHS SBS organisation. The rest of the process is embedded within the PCT so it is budget managers and those with delegated authority who directly impact on the speed at which suppliers are paid. As the implementation of the new system is fairly recent, there are still improvements to the workflow being made.

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

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	2
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	2

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Rental Income				
PFI finance lease revenue (planned)	**0**	**0**	**0**	0
PFI finance lease revenue (contingent)	**0**	**0**	**0**	0
Other finance lease revenue	**0**	**0**	**0**	0
Subtotal	**0**	**0**	**0**	0
Interest Income				
LIFT: equity dividends receivable	**0**	**0**	**0**	112
LIFT: loan interest receivable	**0**	**0**	**0**	0
Bank interest	**0**	**0**	**0**	0
Other loans and receivables	**0**	**0**	**0**	0
Impaired financial assets	**0**	**0**	**0**	0
Other financial assets	**0**	**0**	**0**	0
Subtotal	**0**	**0**	**0**	112
Total investment income	**0**	**0**	**0**	112

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**5**	**0**	**5**	(13)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	**0**	**0**	**0**	0
Gain (Loss) on disposal of assets held for sale	**72**	**0**	**72**	0
Gain/(loss) on foreign exchange	**0**	**0**	**0**	0
Change in fair value of financial assets carried at fair value through the SoCNE	**0**	**0**	**0**	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	**0**	**0**	**0**	0
Change in fair value of investment property	**0**	**0**	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	**0**	**0**	0
Total	**77**	**0**	**77**	(13)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**103**	**0**	**103**	49
Interest on obligations under PFI contracts:				
- main finance cost	**0**	**0**	**0**	0
- contingent finance cost	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**1,307**	**0**	**1,307**	1,192
- contingent finance cost	**438**	**0**	**438**	177
Interest on late payment of commercial debt	**0**	**0**	**0**	2
Other interest expense	**0**	**0**	**0**	0
Total interest expense	**1,848**	**0**	**1,848**	1,420
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**143**		**143**	59
Total	**1,991**	**0**	**1,991**	1,479

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	**2,918**	**29,336**	**0**	**914**	**1,827**	**128**	**6,746**	**2,383**	**44,252**
Additions of Assets Under Construction				2,903					**2,903**
Additions Purchased	0	440	0		87	0	793	564	**1,884**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	64	0	(79)	0	0	0	15	**0**
Reclassifications as Held for Sale	(185)	0	0	0	0	0	0	0	**(185)**
Disposals other than for sale	(55)	(311)	0	0	(36)	0	0	0	**(402)**
Upward revaluation/positive indexation	0	93	0	0	0	0	0	0	**93**
Impairments/negative indexation	0	(94)	0	0	0	0	0	0	**(94)**
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**
At 31 March 2013	**2,678**	**29,528**	**0**	**3,738**	**1,878**	**128**	**7,539**	**2,962**	**48,451**
Depreciation									
At 1 April 2012	**120**	**4,994**	**0**	**0**	**1,575**	**13**	**4,879**	**1,144**	**12,725**
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	(307)	0		(28)	0	0	0	**(335)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	246	0	0	15	0	1,190	538	**1,989**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,187	0		150	13	717	154	**2,221**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**120**	**6,120**	**0**	**0**	**1,712**	**26**	**6,786**	**1,836**	**16,600**
Net Book Value at 31 March 2013	**2,558**	**23,408**	**0**	**3,738**	**166**	**102**	**753**	**1,126**	**31,851**
Purchased	2,558	22,241	0	3,738	166	102	753	1,126	**30,684**
Donated	0	1,167	0	0	0	0	0	0	**1,167**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**2,558**	**23,408**	**0**	**3,738**	**166**	**102**	**753**	**1,126**	**31,851**
Asset financing:									
Owned	2,558	9,459	0	3,738	166	102	753	1,126	**17,902**
Held on finance lease	0	992	0	0	0	0	0	0	**992**
On-SOFP PFI contracts	0	12,957	0	0	0	0	0	0	**12,957**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**2,558**	**23,408**	**0**	**3,738**	**166**	**102**	**753**	**1,126**	**31,851**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**1,808**	**2,106**	**0**	**0**	**6**	**0**	**0**	**16**	**3,936**
Movements (specify)	(163)	(181)	0	0	(5)	0	0	(12)	**(361)**
At 31 March 2013	**1,645**	**1,925**	**0**	**0**	**1**	**0**	**0**	**4**	**3,575**

Additions to Assets Under Construction in 2012-13

	£000
Land	0
Buildings excl Dwellings	2,903
Dwellings	0
Plant & Machinery	0
Balance as at YTD	**2,903**

Movements

Land, (£163k) Relates to the sale of three pieces of land. Buildings, £181k is a combination of upward revaluation/impairments when revaluation reserve held & historic cost depreciation to general fund.
Plant & machinery (£4k) and Furniture & Fittings (£12k) both relate to impairments that were written down in the SOCNE and Historic cost depreciation. Both were transferred to the general fund.

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:									
At 1 April 2011	**3,118**	**20,821**	**0**	**566**	**1,822**	**128**	**5,593**	**2,106**	**34,154**
Additions - purchased	0	8,171	0	442	5	0	1,153	187	**9,958**
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	4	0	(94)	0	0	0	90	**0**
Reclassified as held for sale	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	(14)	0	0	0	0	0	0	**(14)**
Revaluation & indexation gains	0	673	0	0	0	0	0	0	**673**
Impairments	(200)	(319)	0	0	0	0	0	0	**(519)**
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 revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**2,918**	**29,336**	**0**	**914**	**1,827**	**128**	**6,746**	**2,383**	**44,252**
Depreciation									
At 1 April 2011	**70**	**3,867**	**0**		**1,405**	**0**	**4,168**	**949**	**10,459**
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	(1)	0		0	0	0	0	**(1)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	50	93	0	0	0	0	0	0	**143**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,035	0		170	13	711	195	**2,124**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**120**	**4,994**	**0**	**0**	**1,575**	**13**	**4,879**	**1,144**	**12,725**
Net Book Value at 31 March 2012	**2,798**	**24,342**	**0**	**914**	**252**	**115**	**1,867**	**1,239**	**31,527**
Purchased	2,798	23,125	0	914	252	115	1,867	1,239	**30,310**
Donated	0	1,217	0	0	0	0	0	0	**1,217**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**2,798**	**24,342**	**0**	**914**	**252**	**115**	**1,867**	**1,239**	**31,527**
Asset financing:									
Owned	2,798	9,703	0	914	252	115	1,867	1,239	**16,888**
Held on finance lease	0	1,096	0	0	0	0	0	0	**1,096**
On-SOFP PFI contracts	0	13,543	0	0	0	0	0	0	**13,543**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**2,798**	**24,342**	**0**	**914**	**252**	**115**	**1,867**	**1,239**	**31,527**

12.3 Property, plant and equipment

Professional valuations for property (land and buildings) are carried out by the District Valuer of the Inland Revenue Government Department at three-yearly intervals. A three-yearly revaluation was carried out for the first time as at 01 April 2009 (see note 1.5). A desk top valuation has been carried out as at 19 March 2013.

Of the totals at 31 March 2013, £2.6m related to land valued at open market value and £23.4m related to buildings valued at modern equivalent asset value, including Depreciated Replacement Costs of operational properties and the Market Values of non-operational properties.

The MEA valuations were carried out in accordance with the RICS Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury.

Land and buildings were subject to a desk top revaluation (see note 1.5) which resulted in a total impairment loss in the asset values of £340k. There was also upward valuation of properties of £94k. £93k of the buildings impairment was taken through the revaluation reserve and £246k was charged to the SOCNE. The remaining asset classifications were subject to an impairment review in year due to the abolishment of the PCT. The total impairment value was £1,743k. The PCT received funding from the Department of Health of £2,083k to reduce the impact of the revaluation and impairment exercise

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**541**	**0**	**0**	**0**	**541**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Additions Leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**541**	**0**	**0**	**0**	**541**
Amortisation						
At 1 April 2012	**0**	**439**	**0**	**0**	**0**	**439**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	77	0	0	0	**77**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	25	0	0	0	**25**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**541**	**0**	**0**	**0**	**541**
Net Book Value at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value at 31 March 2013 comprises						
Purchased	0	0	0	0	0	**0**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

Revaluation reserve balance for intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements (specify)	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

13.2 Intangible non-current assets

2011-12	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2011	**0**	**478**	**0**	**0**	**0**	**478**
Additions - purchased	0	63	0	0	0	**63**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**541**	**0**	**0**	**0**	**541**
Amortisation						
At 1 April 2011	**0**	**348**	**0**	**0**	**0**	**348**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	91	0	0	0	**91**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**439**	**0**	**0**	**0**	**439**
Net Book Value at 31 March 2012	**0**	**102**	**0**	**0**	**0**	**102**
Net Book Value at 31 March 2012 comprises						
Purchased	0	102	0	0	0	**102**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**102**	**0**	**0**	**0**	**102**

13.3 Intangible non-current assets

Intangible non current assets (software licences) are held at book value without revaluation and are depreciated over 5 years.

Open Market Value of Assets at balance sheet date	Land	Buildings excl. dwellings	Dwellings	Total
	£000s	£000s	£000s	£000s
Open Market Value at 31 March 2013	2,798	8,827	0	11,625
Open Market Value at 31 March 2012	0	0	0	0

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	1,989		1,989
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**1,989**		**1,989**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	94		
Total impairments for PPE charged to reserves	**94**		
Total Impairments of Property, Plant and Equipment	**2,083**	**0**	**1,989**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	77		77
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**77**		**77**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	**0**		
Total Impairments of Intangibles	**77**	**0**	**77**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0	0	0
Loss as a result of catastrophe	0	0	0
Other	0	0	0
Changes in market price	(12)	0	(12)
Total charged to Annually Managed Expenditure	**(12)**	**0**	**(12)**
Total impairments of non-current assets held for sale	**(12)**	**0**	**(12)**
Total Impairments charged to Revaluation Reserve	94		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	2,054		2,054
Overall Total Impairments	**2,148**	**0**	**2,054**
Of which:			
Impairment on revaluation to "modern equivalent asset" basis	**0**	0	0

Land and buildings were subject to a desk top revaluation (see note 1.5) which resulted in a total impairment loss in the asset values of £340k. There was also upward valuation of properties of £94k. £93k of the buildings impairment was taken through the revaluation reserve and £246k was charged to the SOCNE. The remaining asset classifications were subject to an impairment review in year due to the abolishment of the PCT. The total impairment value was £1,743k. The PCT received funding from the Department of Health of £2,083k to reduce the impact of the revaluation and impairment exercise..

15 Investment property

Sandwell PCT does not have any Investment Property

16 Commitments

16.1 Capital commitments

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

	31 March 2013 £000	31 March 2012 £000
Property, plant and equipment	**0**	43
Intangible assets	**0**	0
Total	**0**	43

16.2 Other financial commitments

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

	31 March 2013 £000	31 March 2012 £000
Not later than one year	**0**	0
Later than one year and not later than five year	**0**	0
Later than five years	**0**	0
Total	**0**	0

17 Intra-Government and other balances

	Current receivables £000s	**Non-current receivables £000s**	**Current payables £000s**	**Non-current payables £000s**
Balances with other Central Government Bodies	2,319	0	389	0
Balances with Local Authorities	914	0	4,971	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,724	0	7,109	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	4,246	103	29,092	0
At 31 March 2013	**9,203**	**103**	**41,561**	**0**
prior period:				
Balances with other Central Government Bodies	1,646	0	1,155	0
Balances with Local Authorities	147	0	4,874	0
Balances with NHS Trusts and Foundation Trusts	3,144	0	8,453	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,226	0	28,198	0
At 31 March 2012	**8,163**	**0**	**42,680**	**0**

18 Inventories

Sandwell PCT does not have any inventories

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**2,325**	2,923	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**1,718**	1,488	**0**	0
Non-NHS receivables - revenue	**1,889**	1,308	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**2,701**	2,392	**103**	0
Provision for the impairment of receivables	**(38)**	(167)	**0**	0
VAT	**608**	219	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**0**	0	**0**	0
Total	**9,203**	8,163	**103**	0
Total current and non current	**9,306**	8,163		
Included above:				
Prepaid pensions contributions	**0**	0		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services. As

(1) NHS Receivables (£0.6m decrease): Active Debtor management to reduce year end balances held. This has been a national policy - with other NHS organisations actively seeking quick resolution of any potential disputes.

(2) VAT Debtor (£0.4m increase): VAT balance consists of 1 months outstanding claim of £0.3m - and a balance of £0.3m relating to prior period underclaims.

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**3,442**	410
By three to six months	**45**	90
By more than six months	**264**	0
Total	**3,751**	500

NHS receivables were not included in the 2011/12 balance.

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(167)**	(131)
Amount written off during the year	**0**	1
Amount recovered during the year	**38**	18
(Increase)/decrease in receivables impaired	**91**	(55)
Balance at 31 March 2013	**(38)**	(167)

As explained within the Accounting Policies section of these accounts, the Bad Debt provision has two elements. Firstly, there is specific provision, which is the full value of all outstanding non-NHS debts that are more than six months old at the reporting date. The second element is a general provision that takes a percentage of outstanding debtor balances at the reporting date, as per the table below:

0-30 Days	5.00%
31-60 Days	0.00%
61-90 Days	24.00%
91-180 Days	15.00%

These percentages are based on historic trends. The current value is unchanged from the previous year. The specific provision reduced by £129k in the year, £38k was recovered during the year and the general provision reduced by £91k. Therefore, the bad debt provision balance stands at £38k at year end

20 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**0**	**475**	**475**
Additions	**0**	**167**	**167**
Disposals	**0**	**0**	**0**
Loan repayments	**0**	**0**	**0**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance at 31 March 2013	**0**	**642**	**642**
Balance at 1 April 2011	0	475	475
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	0	475	475

[Analyse between individual investments where these are material].

21.1 Other financial assets - Current

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

21.2 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**475**	0
Additions	167	0
Held to maturity investments at amortised cost		475
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	0	0
Disposals	0	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Total Other Financial Assets - Non Current	**642**	475

21.3 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	**167**	0
Capital Income	**0**	0

22 Other current assets

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**715**	1,851
Net change in year	**467**	(1,136)
Closing balance	**1,182**	715
Made up of		
Cash with Government Banking Service	**1,182**	715
Commercial banks	**0**	0
Cash in hand	**0**	0
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**1,182**	715
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**1,182**	715
Patients' money held by the PCT, not included above	**0**	0

24 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Asset Under Construction and Payments on Account	Plant and Machinery	Transport and Equipment	Information Technology	Furniture and Fittings	Intangible Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	185	0	0	0	0	0	0	0	0	**185**
Less assets sold in the year	(197)	0	0	0	0	0	0	0	0	**(197)**
Less impairment of assets held for sale	(31)	0	0	0	0	0	0	0	0	**(31)**
Plus reversal of impairment of assets held for sale	43	0	0	0	0	0	0	0	0	**43**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	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	**0**
Revaluation	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
										0
Balance at 1 April 2011	0	0	0	0	0	0	0	0	0	**0**
Plus assets classified as held for sale in the year	0	0	0	0	0	0	0	0	0	**0**
Less assets sold in the year	0	0	0	0	0	0	0	0	0	**0**
Less impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0	0	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0	0	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	0	0	0	0	0	0	0	**0**

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

At 31 March 2012	0
At 31 March 2013	0

25 Trade and other payables

	Current	
	31 March 2013	31 March 2012
	£000	£000
Interest payable	**0**	0
NHS payables - revenue	**4,168**	3,203
NHS payables - capital	**0**	0
NHS accruals and deferred income	**3,330**	5,933
Family Health Services (FHS) payables	**10,442**	5,414
Non-NHS payables - revenue	**6,706**	11,537
Non-NHS payables - capital	**87**	0
Non_NHS accruals and deferred income	**15,921**	16,262
Social security costs	**120**	0
VAT	**0**	0
Tax	**296**	313
Payments received on account	**0**	0
Other	491	18
Total	**41,561**	42,680
Total payables (current and non-current)	**41,561**	**42,680**

(1) NHS payables (£1m increase) and NHS accruals (£2.6m decrease): There has been more timely registration of invoices with outsourced Payables function - as seen by the reduction in NHS Accrued expenditure. Overall NHS Creditors (Payables and Accrued expenditure) has reduced from £9.136 (11/12) to £7.109m (12/13). Active management of Creditor (both NHS and Non NHS) payments has reduced NHS Balances held.

(2) FHS payables (£5.0m increase): 2 month timing difference on PPA Drugs Accrual v 1 month at 11/12. [11/12: for consistency, the further 1 month timing related accrual (£4.9m) - was classified differently within Non NHS Accruals]

(3) Non NHS Payables (£4.8m decrease): This reflects the accelerated payment of outstanding supplier liabilities for the PCT Closedown. The £4.8m reduction year on year was facilitated by an additional drawdown of £5m of cash over and above the standard cash limit for 12/13.

(4) Other (£0.5m increase): GP Pension liability 2 months outstanding worth £245k per month

26 Other liabilities

There were no "Other Liabilities" arising in either 2012/13 or 2011/12.

27 Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**486**	477	**14,314**	14,797
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**1**	1	**1,101**	1,103
Other (describe)	**0**	0	**0**	0
Total	**487**	478	**15,415**	15,900
Total other liabilities (current and non-current)	**15,902**	**16,378**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	**Other**	**Total**
	£000s	**£000s**	**£000s**
0 - 1 Years	0	486	**486**
1 - 2 Years	0	495	**495**
2 - 5 Years	0	1,192	**1,192**
Over 5 Years	0	13,729	**13,729**
TOTAL	**0**	**15,902**	**15,902**

28 Other financial liabilities

There were no "Other Financial liabilities" arising in either 2012/13 or 2011/12.

29 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at1 April 2012	**824**	1,266	**0**	0
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**(824)**	(442)	**0**	0
Current deferred Income at 31 March 2013	**(0)**	824	**0**	0
Total other liabilities (current and non-current)	**(0)**	824		

30 Finance lease obligations

During 2011-2012, the PCT entered into a lease agreement with LSP (Sandwell) LLP for the lease of the Halcyon Birthing Centre located next to the PCT's Leasowes site. The term of the lease is 30 years and began in October 2011 and the PCT does not have the option to purchase at the end of the scheme however, the PCT does have the right in the terms of the lease to extend the lease period after 30 years. The lease repayments are £86,500 plus VAT p.a. with a cap and collar arrangement for inflation (5% cap and 2.5% collar). Inflation will be compounded during a three-year rents review process. The fair value of the asset is £1,105k and was calculated using the present value of the minimum lease payments. The collar of 2.5% inflation was included in calculating the minimum lease payments and any rises in future inflation over and above 2.5% will be accounted for as contingent rent; a finance charge in the PCT's accounts. The PCT is sub-letting the use of the birthing centre to Sandwell & West Birmingham NHS Trust.

Amounts payable under finance leases (Buildings)	**Minimum lease payments**		**Present value of minimum lease payments**	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Within one year	**104**	104	**1**	1
Between one and five years	**447**	435	**9**	8

32 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**5,381**	289	807	30	352	497	0	0	801	2,605
Arising During the Year	**3,716**	0	0	0	0	3,505	0	0	70	141
Utilised During the Year	**(2,274)**	(18)	(70)	0	0	(2)	0	0	(109)	(2,075)
Reversed Unused	**(1,661)**	0	(96)	(20)	(352)	(473)	0	0	(692)	(28)
Unwinding of Discount	**143**	17	126	0	0	0	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0	0	0	0	0
Transferred (to)/from otherPublic Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**5,305**	**288**	**767**	**10**	**0**	**3,527**	**0**	**0**	**70**	**643**
Expected Timing of Cash Flows:										
No Later than One Year	**3,287**	**18**	**71**	**10**	**0**	**2,475**	**0**	**0**	**70**	**643**
Later than One Year and not later than Five Years	**1,408**	**76**	**280**	**0**	**0**	**1,052**	**0**	**0**	**0**	**0**
Later than Five Years	**610**	**194**	**416**	**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	0
As at 31 March 2012	0

Details of the larger provisions are as follows:
NHS employers are required to make provision for the costs of pre 6 March 1995 early retirements in their accounts. These relate to 3 Directors and 30 other staff. The provision is re-calculated each year.

Legal claims are notified to the PCT by the NHS Litigation Authority. The provision is based on legal advice as to the probability of claims materialising. The claims are non clinical and relate to 8 claims under public and employers liability. There are no clinical claims as at 31 March 2013 or prior year.

In 12/13 the PCT reduced the provision it had made in 11/12 for redundancies. These had been made initially in 10/11 due to the changes around the Health and Social Care Bill. The reduction is due to number of staff who have left the organisation in year and thus the provision has been utilised. The provision for redundancies now stands at £644k (11/12 £2.6m). The balance of the provision will be utilised by 30 June 2013 when the final redundancies are made.

The Continuing Healthcare provision amounts to £3,527k. This has increased from £497k in 2011-2012 reflecting the potential liability payable to individuals for claims against the PCT. £107k relates to claims that were brought forward from 2011-2012. £473k of the 2011-2012 provision was reversed unused and relates to unsuccessful claims. During 2012-2013 the Department of Health issued a national deadline for claiming retrospective continuing healthcare awards. This national deadline increased the number of claims received in year significantly from five cases in 2011-2012 to 245 in 2012-2013. The provision relates to 33 claims that are 'likely' to be successful claims.

33 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Other	**(4,341)**	(302)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(4,341)**	(302)
Contingent Assets		
Contingent Assets *[give details]*	**0**	0
Net Value of Contingent Assets	**0**	0

Sandwell PCT does not have any contingent assets.

The contingent liability (£4,341k) relates to Continuing Healthcare and results from the assessment of the 245 claims received. 48 cases are deemed to be 'possible' and make up the contingent liability. This figure is the claim handlers perception of the total liabilities deemed likely to be. This figure does not impact the expenditure of the PCT. In addition, there are 77 cases under Free Nursing Care (FNC) that could potentially appeal to Continuing Healthcare if they don't receive the desired outcome under FNC

34 PFI and LIFT - additional information

Sandwell PCT has five LIFT properties financed by Sandwell LIFT Company Limited, of which the PCT is a shareholder. The properties are Oldbury Health Centre, Birmingham Road Health Centre, Whiteheath Primary Care Centre, Yew Tree Health Living Centre and Glebefields which will be leased until 2031. Each of the five buildings are leased to Sandwell PCT for a total of 25 years until 2031 and the net book value of the assets included in the Statement of Financial Position as at 31 March 2013 is £12,957k.

There are no significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows, for instance the period of the arrangement, re-pricing dates and the basis upon re-pricing or re-negotiation is determined.

The LiFT properties are being transferred to Community Health Partnerships on 1 April 2013.

36 Financial Instruments

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

Currency risk

The PCT/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	**At 'fair value through profit and loss' £000**	**Loans and receivables £000**	**Available for sale £000**	**Total £000**
Embedded derivatives	0			**0**
Receivables - NHS		2,325		**2,325**
Receivables - non-NHS		1,426		**1,426**
Cash at bank and in hand		1,182		**1,182**
Other financial assets	0	643	0	**643**
Total at 31 March 2013	**0**	**5,576**	**0**	**5,576**
Embedded derivatives	0			0
Receivables - NHS		2,923		2,923
Receivables - non-NHS		1,308		1,308
Cash at bank and in hand		715		715
Other financial assets	0	475	0	475
Total at 31 March 2012	0	5,421	0	5,421

36.2 Financial Liabilities	**At 'fair value through profit and loss' £000**	**Other £000**	**Total £000**
Embedded derivatives	0		**0**
NHS payables		4,139	**4,139**
Non-NHS payables		6,793	**6,793**
Other borrowings		0	**0**
PFI & finance lease obligations		15,902	**15,902**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**26,834**	**26,834**
Embedded derivatives	0		0
NHS payables		3,203	3,203
Non-NHS payables		11,537	11,537
Other borrowings		0	0
PFI & finance lease obligations		16,378	16,378
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	31,118	31,118

37 Related party transactions

Sandwell PCT is a body corporate established by order of the Secretary of State for Health. During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Sandwell PCT with the exception of those below.

Details of related party transactions with individuals are as follows:

			Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
			£ 000's	£ 000's	£ 000's	£ 000's
Dr John Middleton	SMBC	Exec Director				
Mrs P J Pulsford	SMBC	Employee Husband is a councillor				
Mr Robert Lloyd	SMBC	Employee				
Total SMBC applicable to all			**25,728**	**1,104**	**4,971**	**914**
Mr Robert Lloyd	Murray Hall		429	3	102	0

The Department of Health is regarded as a related party. During the year, Sandwell PCT has had very few transactions with the Department but a significant number of material transactions with other entities for which the Department is regarded as the parent department. These entities are listed below.

Sandwell and West Birmingham Hospitals NHS Trust
The Dudley Group of Hospitals NHS FT
Sandwell Mental Health and Social Care Trust
(now known as the Black Country Partnership Foundation Trust)
University Hospitals Birmingham NHS FT
Birmingham & Solihull Mental Health Trust
Birmingham Women's FT
Royal Orthopaedic FT
NHS Black Country Cluster
West Midlands Strategic Health Authority
Heart of Birmingham Teaching PCT
Birmingham East & North PCT
Dudley & Walsall Mental Health FT
Birmingham Children's FT
Heart of England FT

38 Losses and special payments

2012-13 and their total value was as follows:

	Total Value of Cases £	Total Number of Cases
Losses - PCT management costs	268	4
Special payments - PCT management costs	175,548	1
Total losses and special payments	175,816	5

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

	Total Value of Cases £	Total Number of Cases
Losses - PCT management costs	10,928	52
Special payments - PCT management costs	15,819	1
Total losses and special payments	26,747	53

Details of cases individually over £250,000

In 2012/13 and 2011/12 there were no individual cases amounting over £250,000.

39 Third party assets

The PCT held £103k in cash and cash equivalents at 31 March 2013 on behalf of Sandwell MBC's share of the Mental Health Pooled Budget. This is not an asset of the PCT and has been excluded from the balances reported in the Account.

40 Learning Disability and Adult Mental Health Pooled Budgets

Sandwell PCT is party to two Pooled Budget arrangements under S75 of the NHS Act 2006. The Learning Disability pooled budget is administered by Sandwell Metropolitan Borough Council on behalf of the partners. The Adult Mental Health pooled budget is administered by Sandwell PCT. The memorandum account for each pooled budget is:

Mental Health Pooled Budget - 12/13 Year End Balance Sheet

	£000's
Cash	459
Total Debtors	10
	469
Total Creditors	469
	469

Income and Expenditure for the Year Ended 31 March 2013

Agreed Contributions

	Total £000's
Sandwell MBC	5,946
Sandwell PCT	20,437
Total Contributions	26,383
Expenditure	
Gross Expenditure	26,374
Net underspend for the period	**9**
Distribution of Under spend	
Sandwell MBC	1
Sandwell PCT	8
Total additional contributions	**9**

Learning Disabilities Pooled Budget - 12/13 Year End Balance Sheet

	£000's
Debtors	397
Payments in advance	681
Cash	2,924
Total Assets	**4,002**
Total Creditors	4,002
Receipts in Advance	
Total Liabilities	**4,002**

Income and Expenditure for the Year Ended 31 March 2013

Agreed Contributions

	Total £000's
Sandwell MBC	16,271
Sandwell PCT	8,338
Total Contributions	24,609
Expenditure	
Gross Expenditure	40,522
Pool Income (excluding partner contributions)	(14,852)
Net Pool Expenditure	25,670
Net overspend for the period	**1,061**
Distribution of Under spend	
Sandwell MBC	701
Sandwell PCT	360
Total additional contributions	**1,061**

41 Cashflows relating to exceptional items

Exceptional items are unlikely within NHS accounts.

42.1 Events after the end of the reporting period

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

The main functions carried out by Sandwell PCT in 2012-13 are to be carried out in 2013-14 are detailed in the note below.

The draft accounts were presented on 22nd April, the audited accounts, although still subject to change were presented to the CCG Audit Committee on 28th May 2013, and to the BCC Audit Committee on 6th June 2013.

42.2 Arrangements for Successor Bodies

The Health and Social Care Act 2012 restructured the current commissioning structure of the NHS and as such Sandwell PCT as a statutory body will cease to exist on 1st April 2013.

The main functions of the PCT will transfer to other organisations as outlined below:

Sandwell and West Birmingham Clinical Commissioning Group will be the commissioner of acute and community services for the population of Sandwell and West Birmingham. Approximately 70% of the current PCT resource limit will be received by the CCG in the form of a direct allocation from the Department of Health.

Sandwell Metropolitan Borough Council will receive and provide public health services.

NHS England will be the commissioner of primary care, including GP services, pharmacists, opticians and dentists, in addition to the commissioning of specialised services.

Community Health Partnerships will receive the PCT's shareholding in Sandwell LiFT.

NHS Property Services will take ownership of the PCT land and buildings.

The assets and liabilities of the PCT at 31st March 2013 were transferred to the successor bodies detailed above on 1st April 2013.

Department of Health

NHS

Walsall Teaching Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Walsall Teaching Primary Care Trust

2012-13 Accounts

2012-13 Annual Accounts of NHS Walsall

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.....W C Davies.....Designated Signing Officer

Name: WENDY SAVAGE

Date.....06/06/2013

2012-13 Annual Accounts of NHS Walsall

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

06/06/2013 Date ..... Signing Officer

06/06/2013 Date ..... Finance Signing Officer

INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S ACCOUNTING OFFICER IN RESPECT OF WALSALL TEACHING PRIMARY CARE TRUST

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

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

- the table of salaries and allowances of senior managers within the columns labelled 'Salary Paid by Walsall PCT' and related narrative notes on pages 54 to 55;
- the table of pension benefits of senior managers and related narrative notes on pages 56 to 57; and
- the pay multiples narrative specifically identified as relating to Walsall PCT on page 55.

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

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

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

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

- our review of the annual governance statement.

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

Certificate

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

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

Grant Thornton UK LLP,
Colmore Plaza,
20 Colmore Circus,
Birmingham,
B4 6AT

7 June 2013

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**10,001**	13,177
Other costs	5.1	**493,272**	489,051
Income	4	**(14,487)**	(15,595)
Net operating costs before interest		**488,786**	486,633
Investment income	9	**(28)**	(42)
Other (Gains)/Losses	10	**18**	0
Finance costs	11	**554**	569
Net operating costs for the financial year		**489,330**	487,160
Transfers by absorption -(gains)		**0**	
Transfers by absorption - losses		**0**	
Net (gain)/loss on transfers by absorption		**0**	
Net Operating Costs for the Financial Year including absorption transfers		**489,330**	**487,160**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**7,625**	12,155
Other costs	5.1	**4,664**	8,935
Income	4	**(1,939)**	(5,167)
Net administration costs before interest		**10,350**	**15,923**
Investment income	9	**0**	0
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**0**	0
Net administration costs for the financial year		**10,350**	**15,923**
Programme Expenditure			
Gross employee benefits	7.1	**2,376**	1,022
Other costs	5.1	**488,608**	480,116
Income	4	**(12,548)**	(10,428)
Net programme expenditure before interest		**478,436**	**470,710**
Investment income	9	**(28)**	(42)
Other (Gains)/Losses	10	**18**	0
Finance costs	11	**554**	569
Net programme expenditure for the financial year		**478,980**	**471,237**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**500**	422
Net (gain) on revaluation of property, plant & equipment	**(45)**	(1,624)
Net (gain) on revaluation of intangibles	**0**	0
Total comprehensive net expenditure for the year*	**489,785**	**485,958**

*This is the sum of the rows above plus net operating costs for the financial year after absorption accounting adjustments.
The notes on pages 1 to 44 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	21,399	22,349
Intangible assets	13	0	8
Other financial assets	19	217	228
Trade and other receivables	17	0	208
Total non-current assets		21,616	22,793
Current assets:			
Trade and other receivables	17	3,812	4,947
Cash and cash equivalents	20	107	158
Total current assets		3,919	5,105
Total assets		25,535	27,898
Current liabilities			
Trade and other payables	22	(38,101)	(41,548)
Provisions	26	(1,499)	(3,516)
Borrowings	23	(139)	(132)
Total current liabilities		(39,739)	(45,196)
Non-current assets plus/less net current assets/liabilities		(14,204)	(17,298)
Non-current liabilities			
Provisions	26	(3,895)	(3,062)
Borrowings	23	(5,031)	(5,170)
Total non-current liabilities		(8,926)	(8,232)
Total Assets Employed:		(23,130)	(25,530)
Financed by taxpayers' equity:			
General fund		(26,715)	(29,772)
Revaluation reserve		3,585	4,242
Total taxpayers' equity:		(23,130)	(25,530)

The notes on pages 1 to 44 form part of this account.

The financial statements on pages 1 to 44 were approved by the Audit and Risk Committee on 6th June 2013 and signed on its behalf by

Designated Signing Officer: W Davies **Date:** 06/06/2013

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

	General fund	Revaluation reserve	Total reserves
	£000	£000	£000
Balance at 1 April 2012	**(30,524)**	**4,242**	**(26,282)**
Opening balance adjustment	**752**		**752**
Restated opening balance 1 April 2012	**(29,772)**	**4,242**	**(25,530)**
Changes in taxpayers' equity for 2012-13			
Net operating cost for the year	(489,330)		**(489,330)**
Net gain on revaluation of property, plant, equipment		45	**45**
Impairments and reversals		(500)	**(500)**
Transfers between reserves*	202	(202)	**0**
Total recognised income and expense for 2012-13	**(489,128)**	**(657)**	**(489,785)**
Net Parliamentary funding	492,185		**492,185**
Balance at 31 March 2013	**(26,715)**	**3,585**	**(23,130)**
Balance at 1 April 2011	**(24,257)**	**3063**	**(21,194)**
Changes in taxpayers' equity for 2011-12			
Net operating cost for the year	(487,160)		(487,160)
Net Gain / (loss) on Revaluation of Property, Plant and Equipment		1,624	1,624
Impairments and Reversals		(421)	(421)
Transfers between reserves*	24	(24)	0
Reclassification Adjustments			
Total recognised income and expense for 2011-12	(487,136)	1,179	(485,957)
Net Parliamentary funding	480,869		480,869
Balance at 31 March 2012	**(30,524)**	**4,242**	**(26,282)**

Statement of Cash Flows for the year ended 31 March 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	(488,786)	(486,633)
Depreciation and Amortisation	962	755
Impairments and Reversals	104	488
Interest Paid	(495)	(498)
(Increase)/Decrease in Inventories	0	48
(Increase)/Decrease in Trade and Other Receivables	1,343	1,917
Increase/(Decrease) in Trade and Other Payables	(3,478)	2,404
Provisions Utilised	(2,748)	(1,290)
Increase/(Decrease) in Provisions	1,505	3,206
Net Cash Inflow/(Outflow) from Operating Activities	(491,593)	(479,603)
Cash flows from investing activities		
Interest Received	28	42
(Payments) for Property, Plant and Equipment	(785)	(1,114)
Proceeds of disposal of assets held for sale (PPE)	235	0
Loans Repaid in Respect of LIFT	11	15
Net Cash Inflow/(Outflow) from Investing Activities	(511)	(1,057)
Net cash inflow/(outflow) before financing	(492,104)	(480,660)
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(132)	(123)
Net Parliamentary Funding	492,185	480,869
Net Cash Inflow/(Outflow) from Financing Activities	492,053	480,746
Net increase/(decrease) in cash and cash equivalents	(51)	86
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	158	72
Cash and Cash Equivalents (and Bank Overdraft) at year end	107	158

1. Accounting Policies

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

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

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

Under the provisions of *The Health and Social Care Act 2012 (Commencement No. 4. Transitional Savings and Transitory Provisions) Order 2013,* Walsall Primary Care Trust was dissolved on 1st April 2013. The PCTs functions, assets and liabilities transferred to other public sector entities as outlined in note 33 *Events after the Reporting Period.* Where reconfigurations of this nature takes 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 Department of Health has made detailed arrangements for the transfer or balances (assets/liabilities/contractual commitments) at their recognised carrying value such that there will be no surplus or deficit arising from this transfer. It is for the successor body to consider whether, in 2013/14, it is necessary to review these for impairment. The PCT has a Transfer Agreement showing the expected destination of these balances but the final details have not yet been confirmed. The Department's arrangements ensure that all assets, liabilities and contractual obligations of the PCT will be transferred to other bodies within the public sector.

In order to comply with IFRS 16 to ensure that its property, plant and equipment are carried at fair value, the PCT undertook a desktop revaluation of these assets as at 31 March 2013. This revaluation was undertaken by the District Valuers of the Inland Revenue Government Department.

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions

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

Acquisitions and Discontinued Operations

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Leases - The PCT applies the tests contained in IAS 17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available can be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision can be made.

1. Accounting policies (continued)

Critical judgements in applying accounting policies (cont'd)

LIFT contracts - The LIFT (Local Improvement Finance Trust) land retained agreement relates to the Palliative Care Facility. The contract is for the provision of services to be controlled by the PCT in relation to an infrastructure asset. In applying the accounting framework described in IFRIC 12 to this LIFT scheme, the PCT has assessed it to be required to be reported on the Statement of Financial Position. Under the terms of the agreement the land and buildings will revert to the PCT after the 25 years contract.

Continuing Health Care - Following the issue of guidance by the Department of Health in relation to the introduction of deadlines for assessment of eligibility for NHS Continuing Healthcare (CHC), for cases prior to 1st April 2012, PCTs have been required to identify potential costs of cases previously not assessed as meeting CHC criteria, and make provision for these in the 12-13 accounts.

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

Provisions - When considering provisions for events such as pension payments, NHSLA claims and other legal cases, the PCT uses estimates based on expert advice from agencies such as the NHS Litigation Authority and the experience of its managers. In relation to the Continuing Healthcare, the PCT has based the provision of the number of cases received for review.

Asset valuations - Property assets account for the majority of assets employed by the PCT. The valuation of these assets, together with how each asset's components and useful lives have been determined, is considered the factor most likely to cause a material adjustment to the carrying amounts of assets and liabilities. In order to provide an up-to-date, accurate valuation of these assets, an external valuer determined the appropriate values of these assets on a component bases as at 31 March 2013 adopting the Modern Equivalent Asset valuation technique.

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled Budgets

The PCT has entered into a pooled budget with Walsall MBC. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Learning Disabilities and Community Equipment activities and a memorandum note to the accounts provides details of the joint income and expenditure.

The pool is hosted by Walsall MBC. 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.

Pooled budgets are audited and are included on pages 43 and 44 of the accounts.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

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

1. Accounting policies (continued)

1.6 Property, Plant & Equipment

Recognition

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

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

Valuation

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

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

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

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

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, Amortisation and Impairments

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

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

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

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

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

1. Accounting policies (continued)

1.9 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.

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.10 Non-Current Assets Held for Sale

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

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

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

Fixed asset investments are held in LIFT Co. Fixed asset investments are recorded at historic cost. This will be amended to net realisable value should a decision be made to sell the investments. Any increase in value will be carried in full to the revaluation reserve. Any impairment in value will be charged to operating expenditure.

1.11 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.

1.12 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).

1.13 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 26.

1. Accounting policies (continued)

1.14 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, except for bonuses earned but not yet taken which, like leave earned but not yet taken is not accrued for at the year end, on the grounds of immateriality.

Retirement benefit costs

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

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

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1. Accounting policies (continued)

1.18 Leases (continued)

The PCT as lessee

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.

1.19 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.

1.20 Provisions

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

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

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

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

1.21 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.

1. Accounting policies (continued)

1.21 Financial Instruments (continued)

Held to maturity investments

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

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition. Fair value is determined with reference to market values of identical assets or, if these are not available, similar assets. In the case of Walsall PCTs LIFT investments, there is no market price so the fair value is determined to be equal to cost.

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise with reference to the current fair value of another instrument that is substantially the same. In the case of Walsall's LIFT investments, there is no market price so the fair value is deemed to be equal to cost.

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

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

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

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

Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

Financial liabilities at fair value through profit and loss

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

The PCT does not have any financial liabilities at fair value through profit and loss.

Other financial liabilities

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

1. Accounting policies (continued)

1.22 NHS Local Improvement Finance Trusts (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) LIFT assets, liabilities, and finance costs

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

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

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

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

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

c) Lifecycle replacement

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

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

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

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

Other assets contributed by the PCT to the operator

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

1. Accounting policies (continued)

1.23 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
IAS 19 (Revised 2011) Employee Benefits
IAS 32 Financial Instruments: Presentation IFRS 7 Financial Instruments: Disclosures

2 Operating segments

In applying IFRS 8 Operating Segments, the PCT has identified a single Commissioner function.

The commissioner segment reflects the cost of health services procured on behalf of Walsall residents. This covers services in Acute, Community and Primary Care. Services are procured from providers in the NHS, Independent and Voluntary sectors.

All of the PCT's operations are within the West Midlands region of the United Kingdom.

Total expenditure includes transactions with the following Provider which represents 10% or more of total expenditure:

	£'000
Walsall Healthcare NHS Trust	179,246

	Commissioner	
	2012-13	2011-12
	£000	£000
Expenditure	503,319	502,228
Surplus/(deficit) before interest	3,527	2,597
Net Assets:		
Segment net assets (liabilities)	(23,176)	(26,282)

Assets, liabilities and surpluses are recorded at the same values as those appearing in the Statement of Financial Position and the Statement of Comprehensive Income.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year		487,160
Net operating cost plus (gain)/loss on transfers by absorption	**489,330**	
Revenue Resource Limit	**492,857**	489,757
Under/(Over) spend Against Revenue Resource Limit (RRL)	3,527	2,597

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**932**	865
Charge to Capital Resource Limit	**513**	799
(Over)/Underspend Against CRL	**419**	**66**

3.3 Under/(Over) spend against cash limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**492,181**	480,399
Cash Limit	**492,181**	480,399
Under/(Over) spend Against Cash Limit	**0**	**0**

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

	2012-13 £000
Total cash received from DH (Gross)	428,670
Less/(Plus): movement in DH working balances	4
Sub total: net advances	**428,674**
Plus: cost of Dentistry Schemes (central charge to cash limits)	8,951
Plus: drugs reimbursement (central charge to cash limits)	54,560
Parliamentary funding credited to General Fund	**492,185**

4 Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Dental Charge income from Contractor-Led GDS & PDS	**2,569**		2,569	2,506
Prescription Charge income	**2,606**		2,606	2,349
Strategic Health Authorities	**1,911**	125	1,786	2,293
NHS Trusts	**2,483**	1,251	1,232	3,341
NHS Foundation Trusts	**217**	33	184	71
Primary Care Trusts - Other	**722**	466	256	965
Recoveries in respect of employee benefits	**0**	0	0	336
Local Authorities	**664**	12	652	497
Education, Training and Research	**2,279**	0	2,279	1,516
Charitable and Other Contributions to Expenditure	**0**		0	16
Receipt of donated assets	**50**		50	0
Rental revenue from operating leases	**278**	0	278	490
Other revenue	**708**	52	656	1,215
Total Miscellaneous Revenue	**14,487**	**1,939**	**12,548**	**15,595**

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**40,223**		40,223	42,306
Non-Healthcare	**269**	8	261	348
Total	**40,492**	**8**	**40,484**	**42,654**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**248,689**	0	248,689	245,122
Goods and services (other, excl Trusts, FT and PCT))	**0**	0	0	165
Total	**248,689**	**0**	**248,689**	**245,287**
Goods and Services from Foundation Trusts	**26,345**	0	26,345	23,128
Purchase of Healthcare from Non-NHS bodies	**48,704**	0	48,704	44,076
Contractor Led GDS & PDS (excluding employee benefits)	**11,095**	0	11,095	11,598
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**	0	0	0
Chair, Non-executive Directors & PEC remuneration	**76**	76	0	78
Executive committee members costs	**576**	576	0	134
Consultancy Services	**77**	77	0	148
Prescribing Costs	**44,163**	0	44,163	45,143
G/PMS, APMS and PCTMS (excluding employee benefits)	**44,275**	0	44,275	45,325
Pharmaceutical Services	**176**	0	176	69
New Pharmacy Contract	**11,547**	0	11,547	11,302
General Ophthalmic Services	**3,444**	0	3,444	3,495
Supplies and Services - Clinical	**1,338**	11	1,327	1,414
Supplies and Services - General	**1,939**	950	989	2,038
Establishment	**1,174**	985	189	1,343
Transport	**137**	4	133	91
Premises	**4,109**	1,176	2,933	4,682
Impairments & Reversals of Property, plant and equipment	**104**	0	104	488
Depreciation	**960**	37	923	749
Amortisation	**2**	0	2	6
Impairment of Receivables	**250**	0	250	153
Audit Fees	**202**	202	0	212
Clinical Negligence Costs	**47**	0	47	22
Education and Training	**2,014**	132	1,882	1,731
Grants for capital purposes	**351**	0	351	0
Other	**986**	430	556	3,685
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**493,272**	**4,664**	**488,608**	**489,051**
Employee Benefits (excluding capitalised costs)				
PCT Officer Board Members	**665**	665	0	870
Other Employee Benefits	**9,336**	7,016	2,320	12,307
Total Employee Benefits charged to SOCNE	**10,001**	**7,681**	**2,320**	**13,177**
Total Operating Costs	**503,273**	**12,345**	**490,928**	**502,228**
Analysis of grants reported in total operating costs				
For capital purposes				
Grants to Private Sector to Fund Capital Projects	**351**	0	351	0
Total Capital Grants	**351**	**0**	**351**	**0**

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**10,406**	9,364	1,042
Weighted population (number in units)*	**278,705**	278,705	278,705
Running costs per head of population (£ per head)	**37.34**	**33.60**	**3.74**
PCT Running Costs 2011-12			
Running costs (£000s)	**13,812**	12,747	1,065
Weighted population (number in units)	**278,705**	278,705	278,705
Running costs per head of population (£ per head)	**49.56**	**45.74**	**3.82**

5.2 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	44,275	44,933
Prescribing costs	44,163	45,143
Contractor led GDS & PDS	11,095	11,598
General Ophthalmic Services	3,444	3,495
Pharmaceutical services	176	69
New Pharmacy Contract	11,547	11,302
Total Primary Healthcare purchased	**114,700**	116,540
Purchase of Secondary Healthcare		
Learning Difficulties	10,621	10,240
Mental Illness	46,312	43,952
Maternity	14,987	15,808
General and Acute	189,225	191,604
Accident and emergency	8,887	8,393
Community Health Services	64,199	60,051
Other Contractual	29,732	24,869
Total Secondary Healthcare Purchased	**363,963**	354,917
Grant Funding		
Grants for capital purposes	351	0
Total Healthcare Purchased by PCT	**479,014**	**471,457**
Healthcare from NHS FTs included above	26,345	23,128

6. Operating Leases

6.1 GMS leases

Walsall Teaching Primary Care Trust has entered into certain financial arrangements involving the use of GP premises.

The leases are generally 25 year arrangements with Third Party Development companies and typically have provision for three yearly open market rent reviews.

There are a range of normal property restrictions contained within these leases but no material ones which would require disclosure.

The financial value included in the Statement of Comprehensive Net Expenditure for 2012-13 is £2,438k (2011-12 £2,411k)

6.2 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				2,585	2,826
Contingent rents				0	0
Sub-lease payments				0	0
Total				2,585	2,826
Payable:					
No later than one year	0	2,653	0	2,653	2,667
Between one and five years	0	12,312	0	12,312	12,555
After five years	0	24,078	0	24,078	26,483
Total	0	39,043	0	39,043	41,705

6.3 PCT as lessor

The Department of Health have confirmed that the legal transfer of property under TCS will not take place until 1 April 2013.

The PCT has three properties that will transfer under TCS and there are currently Memorandums of Occupancy (MOO's) in place with the Providers for these properties. The Providers with whom the PCT have the MOO's are Walsall Healthcare NHS Trust and the Black Country Partnership Foundation Trust.

The Providers are entitled to occupy the properties as bare licensee only from the effective date (1 April 2011) under defined terms of occupation until a formal lease is granted.

The PCT have considered the arrangements in place with Providers and have ascertained under ISA 17 that the arrangements should be accounted for as operating leases. These are shown in the note below.

	2012-13 £000	2011-12 £000
Recognised as income		
Rental Revenue	278	490
Total	278	490
Receivable:		
No later than one year	0	490
Total	0	490

7. Employee benefits and staff numbers

7.1 Employee benefits

2012-13								
				Permanently employed			Other	
	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure									
Salaries and wages	8,218	6,264	1,954	8,061	6,157	1,904	157	107	50
Social security costs	735	561	174	735	561	174	0	0	0
Employer Contributions to NHS BSA - Pensions Division	1,048	800	248	1,048	800	248	0	0	0
Total employee benefits	10,001	7,625	2,376	9,844	7,518	2,326	157	107	50
Less recoveries in respect of employee benefits (table below)	0	0	0	0	0	0	0	0	0
Total - Net Employee Benefits including capitalised costs	10,001	7,625	2,376	9,844	7,518	2,326	157	107	50
Employee costs capitalised	0	0	0	0	0	0	0	0	0
Gross Employee Benefits excluding capitalised costs	10,001	7,625	2,376	9,844	7,518	2,326	157	107	50
Recognised as:									
Commissioning employee benefits	10,001			9,844			157		
Gross Employee Benefits excluding capitalised costs	10,001			9,844			157		

Employee Benefits - Prior- year

	Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12			
Salaries and wages	10,668	10,285	383
Social security costs	917	917	0
Employer Contributions to NHS BSA - Pensions Division	1,346	1,346	0
Termination benefits	246	246	0
Total gross employee benefits	13,177	12,794	383
Less recoveries in respect of employee benefits	(336)	(336)	0
Total - Net Employee Benefits including capitalised costs	12,841	12,458	383
Employee costs capitalised	0	0	0
Gross Employee Benefits excluding capitalised costs	13,177	12,794	383
Recognised as:			
Commissioning employee benefits	13,177		
Provider employee benefits	0		
Gross Employee Benefits excluding capitalised costs	13,177		

7.2 Staff Numbers

	2012-13			2011-12		
	Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers						
Medical and dental	14.54	14.30	0.24	25.95	25.70	0.25
Ambulance staff	0.00	0.00	0.00	0.00	0.00	0.00
Administration and estates	136.13	134.79	1.34	233.41	224.72	8.69
Healthcare assistants and other support staff	0.00	0.00	0.00	0.00	0.00	0.00
Nursing, midwifery and health visiting staff	3.00	3.00	0.00	4.00	4.00	0.00
Nursing, midwifery and health visiting learners	0.00	0.00	0.00	0.00	0.00	0.00
Scientific, therapeutic and technical staff	5.70	5.70	0.00	7.90	7.90	0.00
Social Care Staff	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.40	0.40	0.00	1.40	1.40	0.00
TOTAL	159.77	158.19	1.58	272.66	263.72	8.94

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	4,016	1,700
Total Staff Years	522	244
Average working Days Lost	7.69	6.97

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**	***Number of compulsory redundancies**	***Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	**2**	**6**	**8**	0	1	**1**
£10,001-£25,000	**3**	**4**	**7**	0	5	**5**
£25,001-£50,000	**2**	**3**	**5**	0	1	**1**
£50,001-£100,000	**3**	**8**	**11**	0	2	**2**
£100,001 - £150,000	**0**	**1**	**1**	0	0	**0**
£150,001 - £200,000	**2**	**1**	**3**	0	0	**0**
>£200,000	**1**	**0**	**1**	0	0	**0**
Total number of exit packages by type (total cost	**13**	**23**	**36**	**0**	**9**	**9**
	£	**£**	**£**	**£**	**£**	**£**
Total resource cost	1,019,711	1,024,287	**2,043,998**	0	246,000	**246,000**

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

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme (Pension Scheme and Compensation for Premature Retirement) Amendment Regulations 2006 and S16 of Agenda for Change.

A number of other departures have been agreed under the local mutually agreed resignation scheme (MARS). MARS is a form of voluntary severance, designed to enable individual employees - in agreement with their employer - to choose to leave their employment voluntarily for payment. This scheme follows the principles set out in Section 20 of the NHS terms and conditions of service handbook which were agreed by the NHS Staff Council. The schemes were agreed by the SHA through delegated authority from HM Treasury.

Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS Pensions Scheme. Ill health retirement costs are met by the NHS Pensions Scheme and are not included in this table.

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

Payments under the Mutually Agreed Resignation Scheme (MARS) have been made to 18 staff at a cost of £607k.

7.5 Pension costs

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

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

a) Accounting Valuation

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

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.
On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

b) Full actuarial (funding) valuation

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

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

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

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

c) Scheme provisions

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	**17,377**	**70,999**	16,610	62,151
Total Non-NHS Trade Invoices Paid Within Target	**15,548**	**65,658**	15,894	58,470
Percentage of NHS Trade Invoices Paid Within Target	89.47%	92.48%	95.69%	94.08%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	**2,777**	**330,721**	2,626	321,751
Total NHS Trade Invoices Paid Within Target	**2,530**	**322,684**	2,512	318,688
Percentage of NHS Trade Invoices Paid Within Target	91.11%	97.57%	95.66%	99.05%

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

The PCT met it's target in 2012-13 for paying NHS invoices by value (97.57%) but fell short for Non NHS invoices (92.48%) against the target of 95%.

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

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0
Total	**0**	0

9. Investment Income

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest Income				
LIFT: equity dividends receivable	0	0	0	0
LIFT: loan interest receivable	28	0	28	42
Bank interest	0	0	0	0
Other loans and receivables	0	0	0	0
Impaired financial assets	0	0	0	0
Other financial assets	0	0	0	0
Subtotal	28	0	28	42
Total investment income	28	0	28	42

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	(64)	0	(64)	0
Gain (Loss) on disposal of assets held for sale	46	0	46	0
Total	(18)	0	(18)	0

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest on obligations under LIFT contracts:				
- main finance cost	439	0	439	468
- contingent finance cost	56	0	56	30
Total interest expense	495	0	495	498
Provisions - unwinding of discount	59		59	71
Total	554	0	554	569

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	5,420	15,951	0	0	1,108	114	1,505	532	24,630
Additions of Assets Under Construction				0					0
Additions Purchased	0	752	0		4	0	8	52	816
Additions Donated	0	0	0	0	0	0	0	0	0
Additions Government Granted	0	0	0	0	0	0	0	0	0
Additions Leased	0	0	0		0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassifications as Held for Sale	(65)	(125)	0	0	(6)	0	0	(16)	(212)
Disposals other than for sale	0	(315)	0	0	(305)	(32)	(24)	(129)	(805)
Upward revaluation/positive indexation	25	20	0	0	0	0	0	0	45
Impairments/negative indexation	0	(500)	0	0	0	0	0	0	(500)
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
Cumulative dep netted off cost following revaluation	0	(531)	0	0	0	0	0	0	(531)
At 31 March 2013	5,380	15,252	0	0	801	82	1,489	439	23,443
Depreciation									
At 1 April 2012	0	0	0	0	700	67	1,179	335	2,281
Reclassifications	0	0	0		0	0	0	0	0
Reclassifications as Held for Sale	0	(1)	0		(6)	0	0	(16)	(23)
Disposals other than for sale	0	(315)	0		(262)	(32)	(10)	(128)	(747)
Upward revaluation/positive indexation	0	0	0		0	0	0	0	0
Impairments	0	104	0	0	0	0	0	0	104
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Charged During the Year	0	743	0		64	12	78	63	960
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	0
Cumulative dep netted off cost following revaluation	0	(531)	0	0	0	0	0	0	(531)
At 31 March 2013	0	0	0	0	496	47	1,247	254	2,044
Net Book Value at 31 March 2013	5,380	15,252	0	0	305	35	242	185	21,399
Purchased	5,380	15,252	0	0	305	35	242	185	21,399
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	5,380	15,252	0	0	305	35	242	185	21,399
Asset financing:									
Owned	5,380	10,095	0	0	305	35	242	185	16,242
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP PFI contracts	0	5,157	0	0	0	0	0	0	5,157
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2013	5,380	15,252	0	0	305	35	242	185	21,399

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	974	3,257	0	0	5	0	0	6	4,242
Movements	25	(676)	0	0	(3)	0	0	(3)	(657)
At 31 March 2013	999	2,581	0	0	2	0	0	3	3,585

The movements above comprise of a net gain of £45k from the revaluation of property, plant and equipment to fair value, together with impairments of £500k, excess depreciation written off to the general fund and write offs of £202k.

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2011	**5,467**	**16,985**	**0**	**0**	**1,065**	**114**	**1,415**	**524**	**25,570**
Additions - purchased	0	651	0	0	50	0	90	8	**799**
Additions - donated	0	0	0	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	0	0	0	**0**
Reclassifications	(2)	9	0	0	(7)	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	0	0	**0**
Revaluation & indexation gains	320	1,298	0	0	0	0	0	0	**1,618**
Impairments	(153)	(269)	0	0	0	0	0	0	**(422)**
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 revaluatio	0	(2,723)	0	0	0	0	0	0	**(2,723)**
At 31 March 2012	**5,632**	**15,951**	**0**	**0**	**1,108**	**114**	**1,505**	**532**	**24,842**
Depreciation									
At 1 April 2011	**0**	**1,961**	**0**		**595**	**55**	**1,087**	**281**	**3,979**
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	0	0	**0**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	212	276	0	0	0	0	0	0	**488**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	486	0		105	12	92	54	**749**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluatio	0	(2,723)	0	0	0	0	0	0	**(2,723)**
At 31 March 2012	**212**	**0**	**0**	**0**	**700**	**67**	**1,179**	**335**	**2,493**
Net Book Value at 31 March 2012	**5,420**	**15,951**	**0**	**0**	**408**	**47**	**326**	**197**	**22,349**
Purchased	5,420	15,636	0	0	408	47	326	195	**22,032**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	315	0	0	0	0	0	2	**317**
At 31 March 2012	**5,420**	**15,951**	**0**	**0**	**408**	**47**	**326**	**197**	**22,349**
Asset financing:									
Owned	5,420	10,541	0	0	408	47	326	197	**16,939**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP PFI contracts	0	5,410	0	0	0	0	0	0	**5,410**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**5,420**	**15,951**	**0**	**0**	**408**	**47**	**326**	**197**	**22,349**

12.3 Property, plant and equipment

In line with IAS 16 to ensure that all property, plant and equipment are carried at fair value, the PCT undertook a desktop valuation of its estate as at 31 March 2013.

This valuation was undertaken by the District Valuers of the Inland Revenue Government Department.

The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and valued on a modern equivalent assets basis. Non specialised operational property valuations have been carried out on the basis of Existing Use Value.

In respect of non-operational properties, including surplus land, the valuations have been carried out at Open Market Value.

The value of land for existing use purposes is assessed to Existing Use Value.

The valuations were carried out by: Jon Jones BSc (Hons) MRICS, Senior Surveyor, DVS.

12.4 Intangible non-current assets

Due to the short life and low value of intangible non current assets, depreciated historical cost is used as a proxy for current cost.

12.5 Economic lives of non-current assets

	Minimum Years	Maximum Years
Intangible assets		
Software licences	3	3
Property, plant and equipment		
Buildings exc dwellings	2	90
Plant & machinery	5	25
Transport equipment	7	7
Information technology	3	10
Furniture and fittings	5	25

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**207**	**0**	**0**	**0**	**207**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Additions Leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(15)	0	0	0	**(15)**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**192**	**0**	**0**	**0**	**192**
Amortisation						
At 1 April 2012	**0**	**199**	**0**	**0**	**0**	**199**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	(9)	0	0	0	**(9)**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	2	0	0	0	**2**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**192**	**0**	**0**	**0**	**192**
Net Book Value at 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

13.2 Intangible non-current assets

2011-12	Software internally generated £000	Software purchased £000	Licences & trademarks £000	Patents £000	Development expenditure £000	Total £000
At 1 April 2011	**0**	**207**	**0**	**0**	**0**	**207**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
Cumulative dep netted off cost following revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**207**	**0**	**0**	**0**	**207**
Amortisation						
At 1 April 2011	**0**	**193**	**0**	**0**	**0**	**193**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	6	0	0	0	**6**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
Less cumulative dep written down on revaluation	0	0	0	0	0	**0**
At 31 March 2012	**0**	**199**	**0**	**0**	**0**	**199**
Net Book Value at 31 March 2012	**0**	**8**	**0**	**0**	**0**	**8**
Net Book Value at 31 March 2012 comprises						
Purchased	0	8	0	0	0	**8**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**8**	**0**	**0**	**0**	**8**

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

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	104		104
Total charged to Annually Managed Expenditure	**104**		**104**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	500		
Total impairments for PPE charged to reserves	**500**		
Total Impairments of Property, Plant and Equipment	**604**	**0**	**104**
Total Impairments charged to Revaluation Reserve	500		
Total Impairments charged to SoCNE - DEL	0	0	0
Total Impairments charged to SoCNE - AME	104		104
Overall Total Impairments	**604**	**0**	**104**

15 Commitments

15.1 Capital commitments

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

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

15.2 Other financial commitments

	31 March 2013 £000	31 March 2012 £000
Not later than one year	0	0
Later than one year and not later than five year	0	0
Later than five years	0	0
Total	0	0

16 Intra-Government and other balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	1,066	0	1,466	0
Balances with Local Authorities	250	0	5,611	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	1,255	0	8,513	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	1,241	0	22,511	0
At 31 March 2013	3,812	0	38,101	0
prior period:				
Balances with other Central Government Bodies	258	208	764	0
Balances with Local Authorities	245	0	6,769	0
Balances with NHS Trusts and Foundation Trusts	1,324	0	8,974	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,082	0	25,089	666
At 31 March 2012	4,909	208	41,596	666

17 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**1,810**	1,620	**0**	208
Non-NHS receivables - revenue	**1,765**	273	**0**	0
Non-NHS prepayments and accrued income	**119**	1,219	**0**	0
Provision for the impairment of receivables	**(480)**	(242)	**0**	0
VAT	**91**	207	**0**	0
Other receivables	**507**	1,870	**0**	0
Total	**3,812**	4,947	**0**	208
Total current and non current	**3,812**	5,155		

The great majority of trade is with other NHS bodies, including other Primary Care Trusts as commissioners for NHS patient care services.

17.1 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**703**	207
By three to six months	**75**	344
By more than six months	**531**	346
Total	**1,309**	897

No collateral is held against these debts.

17.2 Provision for impairment of receivables

	2012-13 £000	2011-12 £000
Balance at 1 April 2012	**(242)**	(94)
Amount written off during the year	**12**	5
Amount recovered during the year	**0**	0
(Increase)/decrease in receivables impaired	**(250)**	(153)
Balance at 31 March 2013	**(480)**	(242)

18 NHS LIFT investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**228**	**0**	**228**
Additions	**0**	**0**	**0**
Disposals	**0**	**0**	**0**
Loan repayments	**(11)**	**0**	**(11)**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance at 31 March 2013	**217**	**0**	**217**
Balance at 1 April 2011	243	0	243
Additions	0	0	0
Disposals	0	0	0
Loan repayments	(15)	0	(15)
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**228**	**0**	**228**

19 Other financial assets - Current

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

19.1 Other Financial Assets - Non Current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**228**	0
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	0	0
Disposals	(11)	0
Transfers (to)/from Other Public Sector Bodies in year	0	0
Total Other Financial Assets - Non Current	**217**	0

19.2 Other Financial Assets - Capital Analysis

	31 March 2013 £000	31 March 2012 £000
Capital Expenditure	**0**	0
Capital Income	**(11)**	0

20 Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**158**	72
Net change in year	**(51)**	86
Closing balance	**107**	158
Made up of		
Cash with Government Banking Service	**90**	119
Commercial banks	**11**	27
Cash in hand	**6**	12
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**107**	158
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**107**	158
Patients' money held by the PCT, not included above	**0**	6

21 Non-current assets held for sale

	Land	Buildings, excl. dwellings	Total
	£000	£000	£000
Balance at 1 April 2012	0	0	**0**
Plus assets classified as held for sale in the year	65	124	**189**
Less assets sold in the year	(65)	(124)	**(189)**
Less impairment of assets held for sale	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	**0**
Transfers (to)/from other public sector bodies	0	0	**0**
Revaluation	0	0	**0**
Balance at 31 March 2013	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2013	**0**	**0**	**0**
			0
Balance at 1 April 2011	0	0	**0**
Plus assets classified as held for sale in the year	0	0	**0**
Less assets sold in the year	0	0	**0**
Less impairment of assets held for sale	0	0	**0**
Plus reversal of impairment of assets held for sale	0	0	**0**
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	**0**
Balance at 31 March 2012	**0**	**0**	**0**
Liabilities associated with assets held for sale at 31 March 2012	0	0	**0**

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

At 31 March 2012	0
At 31 March 2013	0

The PCT took the decision during the year to sell Little Bloxwich Day Hospice.

The building was sold for £235k with the £46k profit on disposal being disclosed within the gains and losses figure on the Sta

22 Trade and other payables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS payables - revenue	**9,183**	9,738	**0**	0
Family Health Services (FHS) payables	**13,939**	15,382		
Non-NHS payables - revenue	**7,595**	6,606	**0**	0
Non-NHS payables - capital	**134**	103	**0**	0
Non_NHS accruals and deferred income	**6,146**	5,448	**0**	0
Social security costs	**81**	0		
Tax	**321**	813		
Other	**702**	3,458	0	0
Total	**38,101**	41,548	**0**	0
Total payables (current and non-current)	**38,101**	**41,548**		

23 Borrowings

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
PFI liabilities:				
Main liability	**0**	0	**0**	0
Lifecycle replacement received in advance	**0**	0	**0**	0
LIFT liabilities:				
Main liability	**139**	132	**5,031**	5,170
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other (describe)	**0**	0	**0**	0
Total	**139**	**132**	**5,031**	**5,170**
Total other liabilities (current and non-current)	**5,170**	**5,302**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH £000s	Other £000s	Total £000s
0 - 1 Years	0	139	**139**
1 - 2 Years	0	148	**148**
2 - 5 Years	0	494	**494**
Over 5 Years	0	4,389	**4,389**
TOTAL	**0**	**5,170**	**5,170**

24 Other financial liabilities

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Embedded Derivatives at Fair Value through SoCNE	**0**	0	**0**	0
Financial liabilities carried at fair value through SoCNE	**0**	0	**0**	0
Amortised Cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

25 Deferred income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at1 April 2012	**0**	0	**0**	0
Deferred income addition	**0**	0	**0**	0
Transfer of deferred income	**0**	0	**0**	0
Current deferred Income at 31 March 2013	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

26 Provisions

Comprising:

	Total £000s	Pensions to Former Directors £000s	Pensions Relating to Other Staff £000s	Legal Claims £000s	Restructuring £000s	Continuing Care £000s	Equal Pay £000s	Agenda for Change £000s	Other £000s	Redundancy £000s
Balance at 1 April 2012	**6,578**	76	2,534	2	916	0	0	0	1,006	2,044
Arising During the Year	**1,813**	4	133	6	0	1,590	0	0	80	0
Utilised During the Year	**(2,748)**	(24)	(425)	0	(255)	0	0	0	0	(2,044)
Reversed Unused	**(354)**	0	(193)	0	(161)	0	0	0	0	0
Unwinding of Discount	**59**	2	57	0	0	0	0	0	0	0
Change in Discount Rate	**46**	1	45	0	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0	0	0	0	0
Balance at 31 March 2013	**5,394**	**59**	**2,151**	**8**	**500**	**1,590**	**0**	**0**	**1,086**	**0**
Expected Timing of Cash Flows:										
No Later than One Year	**1,499**	**24**	**333**	**8**	**500**	**624**	**0**	**0**	**10**	**0**
Later than One Year and not later than Five Years	**2,762**	**35**	**1,296**	**0**	**0**	**966**	**0**	**0**	**465**	**0**
Later than Five Years	**1,133**	**0**	**522**	**0**	**0**	**0**	**0**	**0**	**611**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	
As at 31 March 2013	0
As at 31 March 2012	206

Pensions - former directors and other staff - the majority of this relates to a provision for pension payments which was set up following the closure of St Margaret's hospital. Up until this year, it included costs of £208k covered under back to back arrangements with other PCTs. These back to back liabilities have now been settled following closure of the PCT and transfer of the balance to the Department of Health.

The remainder of the balance relates to early retirements and injury provisions.

Legal claims - the value of the PCT's legal cases is based on information provided by the NHS Litigation Authority, and is dependent upon the probabilities of cases proceeding. Information is received and updated on a quarterly basis.

Restructuring - the balance on this provision of £500k relates to costs associated with terminating a building lease early following closure of the Learning Disabilities campus. Negotiations with the landlord are still ongoing in this respect.

Continuing Care - in assessing the likely level of costs which may be incurred for restitution payments for successful applications for CHC redress, the PCT has based the provision on the number of cases received for review. An initial clinical review of these cases has been undertaken and the probability of cases likely to meet CHC eligibility identified. The level of the provision has then been calculated utilising this activity and probability, together with average weekly costs of care and the average time period for these claims.

Other - this includes an amount of £786k relating to the future long term structural repair and replacement costs of leasehold GMS premises over and above the full repairing lease. The structural repairs are likely to occur around year 15 of the leases so it is likely that the provision will start to be utilised within the next four years. Also included is an amount of £300k relating to the exit costs on early termination of the lease on the Urgent Care Centre.

27 Contingencies

	31 March 2013 £000	31 March 2012 £000
Contingent liabilities		
Equal Pay	**0**	0
Third Party Liabilities	**5**	1
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**5**	1
Contingent Assets		
Contingent Assets *[give details]*	**0**	0
Net Value of Contingent Assets	**0**	0

28 PFI and LIFT - additional information

In 2009 the tPCT entered into a Land Retained Agreement (LRA) with it's LIFT partners - Healthcare Improvement Partnership (Wolverhampton & Walsall) Ltd, for the construction and hard facilities management of a new Palliative Care Centre on the former Goscote Hospital site. Practical completion of the new building was achieved in March 2011 and the new Palliative Care services went operational in April 2011.

The length of the LRA is 25 years, on termination at term the premises will revert back to the PCT. The agreement has a range of obligations to both the landlord and tenant and payment of rent by the tPCT is determined by the availability of the accommodation and the performance of the hard FM services.

	£000	£000
Charges to operating expenditure and future commitments in respect of on and off SOFP LIFT	**31 March 2013 £000**	31 March 2012 £000
Total Charge to Operating Expenses in year - OFF SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**119**	109
Total	**119**	109

	31 March 2013 £000	31 March 2012 £000
Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT.		
LIFT Scheme Expiry Date:		
No Later than One Year	**127**	119
Later than One Year, No Later than Five Years	**597**	553
Later than Five Years	**5,791**	5,962
Total	**6,515**	6,634

The estimated annual payments in future years are expected to be materially different from those which the NHS Trust is committed to make during the next year. The likely financial effect of this is:	**31 March 2013 £000**	31 March 2012 £000
Estimated capital value of project - off SOFP LIFT	0	0
Value of Deferred Assets - off SOFP LIFT	0	0
Value of Residual Interest - off SOFP LIFT	0	0

Imputed "finance lease" obligations for on SOFP LIFT Contracts due	**31 March 2013 £000**	31 March 2012 £000
No Later than One Year	**580**	585
Later than One Year, No Later than Five Years	**2,277**	2,302
Later than Five Years	**8,572**	9,129
Subtotal	**11,429**	12,016
Less: Interest Element	**(6,259)**	(6,714)
Total	**5,170**	5,302

29 Financial Instruments

Financial risk management

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

Currency risk

The PCT/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.

29.1 Financial Assets	At 'fair value through profit and loss' £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0			**0**
Receivables - NHS		0		**0**
Receivables - non-NHS		0		**0**
Cash at bank and in hand		107		**107**
Other financial assets	0	0	217	**217**
Total at 31 March 2013	**0**	**107**	**217**	**324**
Embedded derivatives	0			0
Receivables - NHS		208		208
Receivables - non-NHS		0		0
Cash at bank and in hand		158		158
Other financial assets	0	0	228	228
Total at 31 March 2012	0	366	228	594

29.2 Financial Liabilities	At 'fair value through profit and loss' £000	Other £000	Total £000
Embedded derivatives	0		**0**
NHS payables		0	**0**
Non-NHS payables		0	**0**
Other borrowings		0	**0**
PFI & finance lease obligations		5,170	**5,170**
Other financial liabilities	0	0	**0**
Total at 31 March 2013	**0**	**5,170**	**5,170**
Embedded derivatives	0		0
NHS payables		0	0
Non-NHS payables		0	0
Other borrowings		0	0
PFI & finance lease obligations		(5,302)	(5,302)
Other financial liabilities	0	0	0
Total at 31 March 2012	**0**	(5,302)	(5,302)

30 Related party transactions

During the year none of the trust board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with Walsall Teaching Primary Care Trust.

One member of the Cluster board has had a non material transaction with Walsall Primary Care Trust - this was a payment made to Relate Walsall for £20,000 for which David Gutteridge, non executive director of the Cluster board, is Chairman.

Members of the CCG Governing Body or parties related to them have undertaken transactions with the PCT and these related party transactions are detailed below:

Related party	Payments to related party 2012-13	Payments to related party 2011-12	Receipts from related party 2012-13	Receipts from related party 2011-12	Amounts owed to related party 2012-13	Amounts owed to related party 2011-12	Amounts due from related party 2012-13	Amounts due from related party 2011-12	Business entity of related party
Dr Gill *	423,219				47,145		31,685		Berkley Practice
Dr Asghar *	499,252				54,051		23,714		Ghaffar & Asghar
Dr Benjamin *	922,412				127,540				Little London
Dr Nair *	357,271				36,384		2,343		Sai Medical
Dr Bolliger *	1,223,084				159,582				Northgate
Dr Suri *	451,973				43,640				Suri & Mitra
Dr R Mohan	625,238	605,241			8,900	69,672	90,573	43,116	Sinha Health Centre
Dr S Abdalla	989,677	947,962			105,088	118,338			Lockfield Surgery
Dr A Thornett		293,793	4,348	2,371		39,696			Blackwood Health Centre
Dr S Abdalla	119,176	195,941			7,089	0			Ednam House
Dr N S Sahota		664,022	10,000	60,431		49,899	66,070	53,347	Kingfisher
Dr R Sandhu		464,188				37,424			Kingfisher
Dr A Rischie	959,764	596,542			106,607	84,735			Pleck Health Centre

The above analysis represents payments to the practices with which the General Practitioners have a contactural arrangement.

* denotes GPs newly appointed to the shadow CCG in 2012-13

The Department of Health is regarded as a related party. During the year Walsall 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. For example :

Birmingham East & North PCT
Coventry PCT
Dudley PCT
Sandwell PCT
Warwickshire PCT
Wolverhampton City PCT

West Midlands Strategic Health Authority

Birmingham Community Healthcare NHS Trust
Dudley & Walsall Mental Health Partnership NHS Trust

Royal Wolverhampton Hospital NHS Trust
Sandwell & West Birmingham Hospitals NHS Trust
University Hospital of North Staffordshire Hospital NHS Trust
University Hospitals Coventry & Warwickshire NHS Trust
Walsall Healthcare NHS Trust

Birmingham & Solihull Mental Health NHS Foundation Trust
Birmingham Children's Hospital NHS Foundation Trust
Birmingham Women's NHS Foundation Trust
Black Country Partnership NHS Foundation Trust
Burton Hospitals NHS Foundation Trust
Heart of England NHS Foundation Trust
Mid Staffordshire NHS Foundation Trust
Robert Jones & Agnes Hunt Orthopaedic Hospital NHS Foundation Trust
Royal Orthopaedic Hospital NHS Foundation Trust
South Staffordshire Healthcare NHS Foundation Trust
The Dudley Group of Hospitals NHS Foundation Trust
University Hospital Birmingham NHS Foundation Trust
West Midlands Ambulance Service NHS Foundation Trust

NHS Litigation Authority
NHS Business Services Authority

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

HM Revenue & Customs - VAT
HM Revenue & Customs - Other taxes and duties
National Insurance Fund (Employer's contributions)
NHS Pension Scheme (Employer's contributions)
Walsall MBC

The PCT has also received revenue payments from a number of charitable funds - the Trustees of whom were also members of the Black Country Cluster Board.

Separate Trustees Report and Accounts are produced by the PCT for the NHS charity.

31 Losses and special payments

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	8,969	10
Special payments - PCT management costs	0	0
Losses in respect of the provision of family practitioner services	0	0
		0
Special payments in respect of he provision of family practitioner services	0	
Total losses	8,969	10
Total special payments	0	0
Total losses and special payments	8,969	10

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

	Total Value of Cases £s	Total Number of Cases
Losses - PCT management costs	6,257	30
Special payments - PCT management costs	10064	3
Losses in respect of the provision of family practitioner services	0	0
		0
Special payments in respect of he provision of family practitioner services	0	
Total losses	6,257	30
Total special payments	10,064	3
Total losses and special payments	16,321	33

32 Pooled Budgets

Walsall Teaching PCT has a pooled budget arrangement with Walsall MBC. This is hosted by Walsall MBC. The following 2 pages show the pooled budget memorandum accounts produced by Walsall MBC.

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

	2012-13 £000	2011-12 £000
ICES		41.00%
Learning Disabilities		27.90%

33 Events after the end of the reporting period

Future Arrangements for Commissioning Responsibilities Currently Undertaken by Walsall Primary

Following the enactment of the Health and Social Care Act 2012, the commissioning architecture has been revised such that PCTs will cease to be statutory bodies on 1st April 2013.

The commissioning responsibilities of the PCT will be undertaken by a number of successor bodies as outlined below:

Walsall Clinical Commissioning Group will commission 70% of the current PCTs portfolio to include acute and community services for the population of Walsall.

Walsall Metropolitan Borough Council will commission and provide public health services.

NHS England will commission primary care services including GP services, dental services, pharmacy and optical services. Specialist services will also fall within its commissioning remit.

The land and buildings currently owned by the PCT will transfer to NHS Property Services. These assets were considered operational at the year end and it is for the successor body to consider whether, in 2013-13, it is necessary to review these for impairment.

The transfer of responsibilities will occur on 1st April 2013 and is embodied in the Transfer Scheme to be approved by the Black Country Cluster Board on 25th April 2013.

ICES POOLED FUND MEMORANDUM ACCOUNT
For the period 1st April 2012 to 31st March 2013

Gross Funding	**Ref**	**Cash £**	
Walsall Teaching Primary Care Trust		568,380	40.83
Walsall Metropolitan Borough Council		823,832	59.17
Total Funding		**1,392,212**	**100.00**

Expenditure		**Cash £**
Staffing Costs	3ai	372,450
Non pay	3aii	118,303
Transport	3aiii	-
Equipment (Net of VAT Reimbursement and Other Income)	3aiv	902,933
Total Expenditure		**1,393,686**
Net overspend		**1,474**

Note
Total estimated net liabilities relating to Pooled Budget (£1,474) shared in proportion to each partners contribution.

Walsall Teaching Primary Care Trust	*41%*	*£604*
Walsall Metropolitan Borough Council	*59%*	*£870*

It was agreed by the Assistive Equipment and Telehealthcare Board to carry forward £4,901
The £4,901 underspend has been utilised at Walsall Healthcare for the in-year overspend of

CERTIFICATE OF CHIEF FINANCIAL OFFICER/DIRECTOR OF FINANCE/THEIR REPRESENTATIVE

I certify that the above pooled fund memorandum account accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 31 of the Health Act 1999.

Signed

Lloyd Haynes
Senior Finance Manager

LEARNING DISABILITIES POOLED FUND MEMORANDUM ACCOUNT
For the period 1st April 2012 to 31st March 2013

Gross Funding	Ref	Cash £000	Grant £000	Total £000
Walsall Teaching Primary Care Trust		8,689	-	8,689
Walsall Metropolitan Borough Council		11,983	6,638	18,621
Total Funding		20,672	6,638	27,310

Expenditure	Ref	Cash £000	Grant £000	Total £000
Integrated Team	4 e	788		788
Community Support	4 (i) g	11,498		11,498
Day Care	4 (ii) b	2,112		2,112
Residential & Nursing	4 (iii) e	4,053	6,638	10,691
Supported Employment	4 (iv) b	613		613
Management & Admin	4 (v) d	2,106		2,106
NHS Provider Contract	4 (vi)	3,329		3,329
Total Expenditure		24,499	6,638	31,137
Net overspend		3,827	- 0	3,827

See section 11b for a detailed breakdown on how the contribution to the £3.827m overspend has been calculated. The contribution is split as follows:

Walsall Teaching Primary Care Trust	*27.90%*	*1,067,612*
Walsall Metropolitan Borough Council	*72.10%*	*2,758,956*

Note
Total estimated net liabilities relating to Pooled Budgets Creditors and Debtors of £2,081,368.78 shared in proportion to each partners contribution.

Walsall Teaching Primary Care Trust	*27.90%*	*580,702*
Walsall Metropolitan Borough Council	*72.10%*	*1,500,667*

CERTIFICATE OF CHIEF FINANCIAL OFFICER/DIRECTOR OF FINANCE/THEIR REPRESENTATIVE

I certify that the above pooled fund memorandum account accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 31 of the Health Act 1999.

Signed 

Lloyd Haynes
Senior Finance Manager

Annual Governance Statement – 2012/13

Walsall Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes Dudley, Walsall, Wolverhampton and Sandwell PCT. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Walsall Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new Healthwatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiency, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two Public/Patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 82%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFIs and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)
- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been one breach of data security in year.
There has been one serious incident reported to the CCG during the 2012/13 period. This involved a query regarding the appropriate access to a patient's record. It was established

that this was not the case however a number of safeguard measures were introduced to address some issues which were highlighted during the investigation.
There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives

- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee.

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core financial systems.

It was Internal Audit's view, taking account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented, that Walsall PCT has a generally

sound system of internal control. Notwithstanding this, Internal Audit raised concerns towards the end of the financial year regarding the transition of certain systems and processes to NHS England (as receiving organisation following the abolition of the PCT) including:

- The future maintenance of primary care contractor payment systems across the black country, given the lack of resilience in this area identified through their audit work
- The lack of suitable counter-fraud arrangements within NHS England to conclude open cases that relate to primary care contractors.

Internal Audit were also concerned that there are significant financial challenges, uncertainties and risks associated with the delivery of future financial balance for Walsall CCG as it takes on the commissioning responsibilities of the abolished PCT, although at this stage the CCG has made plans to mitigate these.

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

Significant Issues

There were no significant issues during 2012/13.

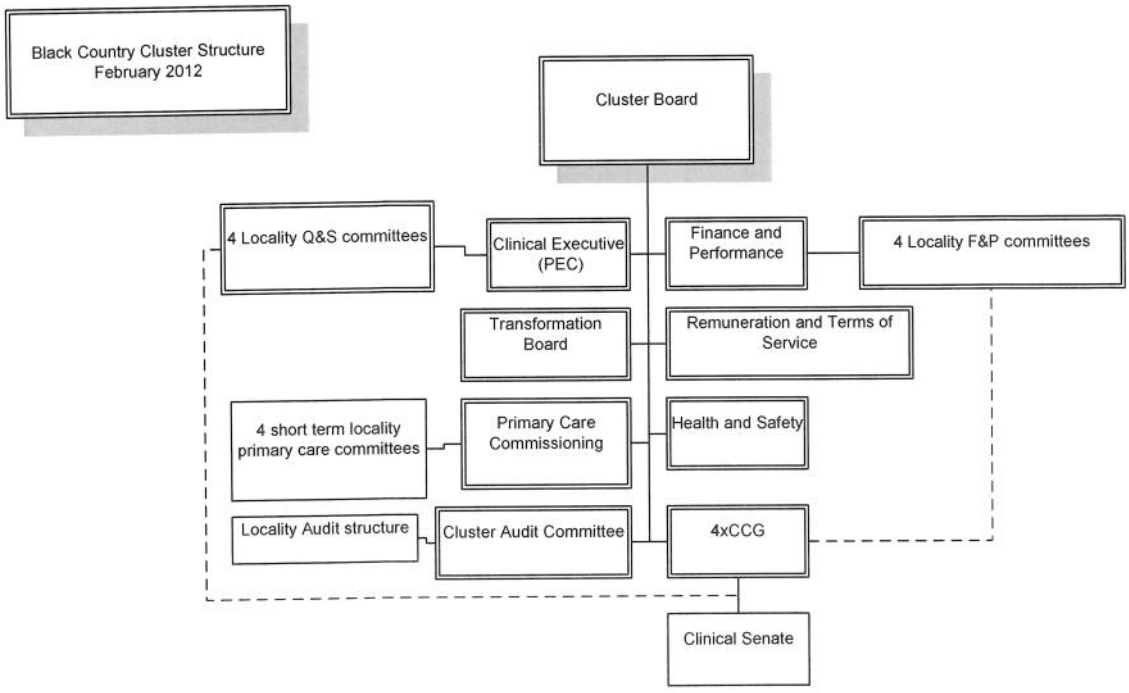
Accountable Officer: Name Wendy Saviour

Organisation: Walsall PCT

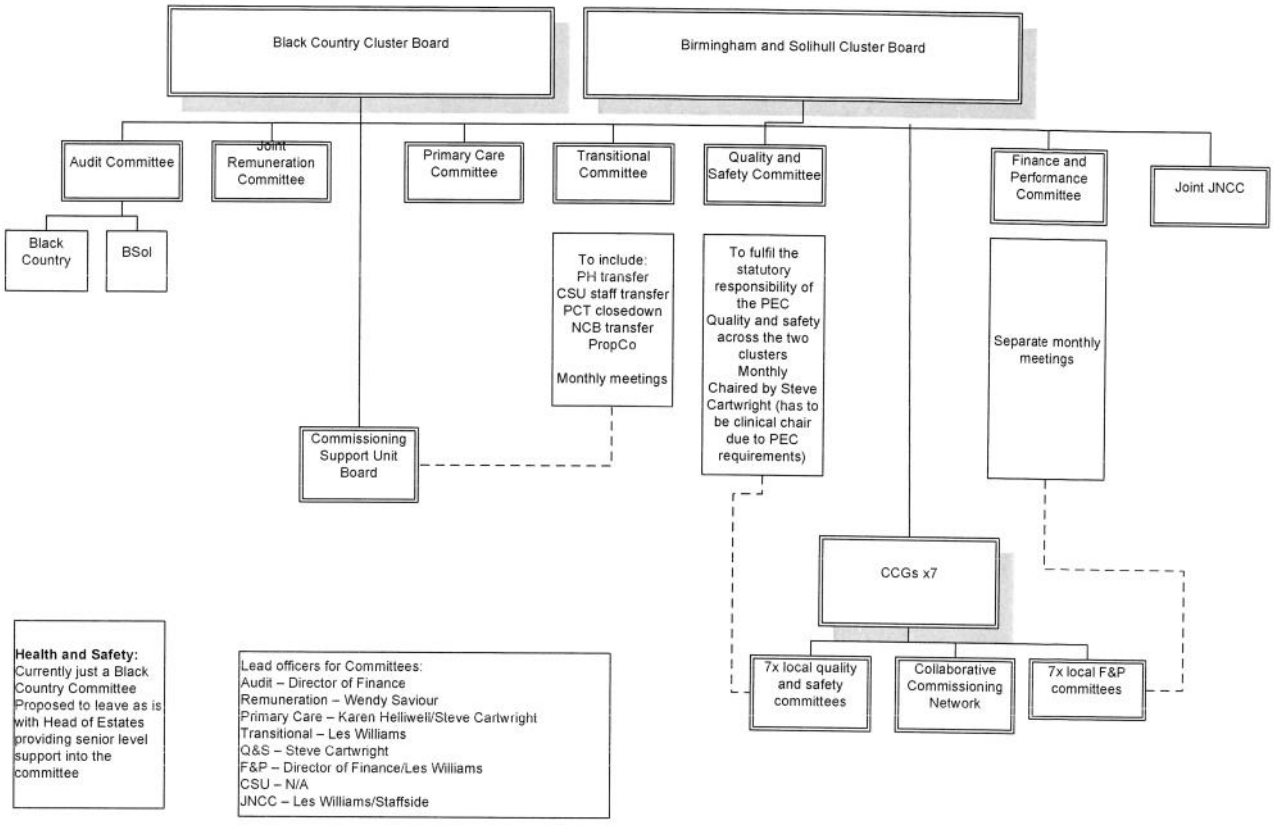
Signature W Saviour

Date 06/06/2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Department of Health

NHS

Wolverhampton City Primary Care Trust

2012-13 Accounts

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Wolverhampton City Primary Care Trust

2012-13 Accounts

2012-13 Annual Accounts of Wolverhampton City Primary Care Trust (non-London)

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: WENDY SAVIOUR

Date....06.06.13....

2012-13 Annual Accounts of Wolverhampton City Primary Care Trust (non-London)

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

- make judgements and estimates which are reasonable and prudent;

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

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

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

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

By order of the Permanent Secretary.

06:06:13 .....Date.....Signing Officer

06:06:13 .....Date .....Finance Signing Officer

Annual Governance Statement – 2012/13
Wolverhampton City Primary Care Trust

Scope of responsibility

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

The performance of the PCT is monitored through that of the Cluster by NHS Midlands and East by their assessment of the PCT is meeting its obligations, as set out in the NHS Operating Framework 2012/13. This is undertaken by the submission of reports, by declarations of compliance and by meetings between NHS Midlands and East and PCT staff. My personal performance is appraised and managed by the Chairman on behalf of the PCT Board.

In 2011/12, the PCT delegated responsibility for the operational delivery of its statutory functions to a joint sub-committee of Black Country PCTs this includes; Wolverhampton, Walsall, Sandwell and Dudley PCT. This arrangement has continued throughout the duration of 2012/13 and I have led the transition to a new NHS architecture which includes the formal transfer of a number of PCT statutory functions to new NHS bodies and/or partner local authorities.

As a manifestation of these transitional arrangements, the Wolverhampton Clinical Commissioning Group (CCG) was set up as a sub-committee of the Cluster Board during 2012/13. This enabled the PCT, through the shadow CCG, to work as an equal partner within the locality partnership arrangements. Senior PCT staff were members of these partnership boards and the work of these partnership boards was presented to each CCG Board. The CCG has a good working relationship with the locality Health and Social Care Scrutiny Panel(s). The CCG continues to work with Local Involvement Networks (LINks) and has been an active partner in the development of the new HealthWatch.

The CCG has continued the partnership work by being an active member within the Shadow Health and Well Being Board. The Cluster has also been directly represented on each of the Shadow Health and Well Being Boards in the Black Country. The Joint Directors of Public Health have been working with the local authority on the transfer of Public Health in accordance with the Health and Social Care Act.

I have ensured that the PCT, through the joint sub-committee of the Cluster has documented for successor organisations significant areas of work through the Handover Document and the Quality Handover Document. Both these were presented to the final Cluster Board meeting and were formally 'sent' to receiver organisations. I also ensured that any ongoing work associated with open complaints, claims, fraud cases and serious incidents were also officially 'sent' to receiver organisations through the last PCT Board meeting. The Cluster has been working to a closedown plan, overseen by the Transition Committee, accountable to the PCT Board.

The governance framework of the organisation

The governance framework is designed to manage risk to a reasonable level rather than to guarantee the elimination of all risk of failure to achieve aims and objectives; it cannot therefore provide an absolute assurance of effectiveness. The governance framework and systems of internal control is an evolutionary process designed to:

- Identify and prioritise the risks to the delivery of aims and objectives
- Evaluate the likelihood of those risks occurring and the impact should they be realised, and to manage them efficiency, effectively and economically

The system of internal control has been reviewed and amended throughout the 2012/13 year to reflect the nature of the transitional environment and to ensure a robust assurance framework continues to be in place to best support the delivery of key aims

The Board

For the period April – September 2012 inclusive the PCT was led by a Chief Executive. With effect, 1 October 2012 I was appointed the Accountable Officer and thus the Chief Executive of the PCT together with the other PCTs that made up the Cluster. I received a detailed handover from my predecessor which was documented and presented to the Cluster Board for assurance. The PCT Executive Team also changed on 1 October and I ensured they each received a detailed handover from their outgoing predecessor. The Quality Handover Document was presented to the Board for assurance. The Executive Team and I have been working with the receiver organisations to ensure the safe execution of the NHS Health and Social Care Act 2012.

The Cluster Board (which in turn operated as the PCT Board) had 13 voting members:

- 1 Chair
- 7 Non executives
- 1 Chief Executive
- 1 Nurse Director
- 1 Director of Finance
- 1 Director of Commissioning
- 1 Medical Director

The Assistant Chief Executive for HR, the Board Secretary, the Assistant Chief Executive for Communications and a Director of Public Health were in regular attendance. There continued to be a Director of Public Health in each PCT, but one represented colleagues at the Cluster Board. The Board also invited two Public/Patient representatives to attend meetings.

Board meetings were held in public once every month until September 2012 and then bi-monthly from October 2012 to March 2013. Average attendance for the whole of 2012/13 is 82%.

A review of Board performance against the requirements of the Corporate Governance Code has been completed for the 2012/13 year and I am confident that all relevant requirements have demonstrable evidence available to support a declaration of full compliance.

Board committee structure

The Board committee structure was reviewed on a regular basis throughout 2012/13 to ensure that the Board was appropriately supported in discharging its functions effectively and that the transition to the new NHS architecture was adequately reflected. Each sub-committee has a term of reference which has been approved by the Board and provides a robust framework for the functions and duties of the committee to be discharged in a manner that ensures the main Board retains sufficient oversight of the proper performance of the delegated functions.

The board committee structure for the period April to September 2012 inclusive is shown at Appendix 1. Following my appointment in October 2012 I reviewed the existing arrangements and implemented a series of changes to consolidate the committee structure and make best use of my Executive Team resource. This is shown at Appendix 2.

Risk assessment

As Accountable Officer, I have overall responsibility for risk management and the arrangements to support this are clearly articulated in the Board Assurance Framework and Risk Management Strategy. Moreover, in October 2012 the Standing Orders, SFI's and the Scheme of Reservation and Delegation were all reviewed and updated across the Cluster. They were approved at both the Cluster Audit Committee and the Cluster Board. To provide assurance to the Board all financial leads across the Cluster were written to and asked to sign to say they had received and disseminated the revised documents as necessary.

The PCT has reviewed the arrangements for delivery of key aspects of internal control mechanisms throughout the year to ensure they remain appropriate and reflective of the transition this includes; Local Security Management Service, compliance with the Health and Safety at Work Act Standards of Business Conduct and developing emergency response plans against regional and national directives.

Newly identified risks; i.e. risks identified in the year 2012/13

The Board Assurance Framework (attached at Appendix 3) is the mechanism by which all strategic level risks are identified, mitigated and reviewed by the Board. All risks contained on this exception report have been newly identified within the 2012/13 year. Risks which are deemed to be borough wide and impact on other stakeholders are addressed through the appropriate partnership working arrangements Other risks are addressed through other routes for example the emergency planning partnership work. Internal Audit has provided assurances on the operation of the Assurance Framework.

Data Security

Responsibility for Information Governance has been vested in the following colleagues throughout the year:

- Caldicott Guardian – Steve Cartwright, Medical Director (April to March)
- Senior Information Risk Officer – Kimara Sharpe, Board Secretary (April to October)

- Senior Information Risk Officer – Alison Taylor, Director of Finance (November to March)

There has been 1 breach of data security in year.

Wolverhampton PCT – 1 Email breach which has been resolved - this involved the use of the incorrect NHSmail address as such there was no outside NHS breach; this did not need to be reported to the Information Commissioner.

There is a strong data security culture within the organisation backed up by mandatory training for all staff. Sanctions would be applied if staff wilfully disregarded basic security measures. All laptops and blackberries are encrypted and staff can send encrypted emails using the 'confidential' option on the email system.

Risk and Control framework

The PCT Risk Management Strategy sets out the role and responsibility of the Chief Executive and other key officers in relation to Risk Management. The Executive Nurse and Medical Director provide clinical leadership in the clinical governance area and in particular quality and safety within the providers that the PCT commission from.

The Clinical Executive/Quality and Safety Committee, chaired by the Medical Director with non-executive director attendance, meets monthly and is accountable to the PCT Board. This Committee assures the Board of the management of risk within the Cluster. It monitors the work of the Clinical Quality Review meetings with our main providers and the work of the Care Quality Commission locally (for example their assessments of nursing homes). It also reviews the red risks associated with quality and the serious incident reports. The Audit Committee gives assurance to the Board that risk is being managed appropriately within the Cluster.

The Assurance Framework provides the overall mechanism for the Cluster Board and hence the PCT to manage its strategic risks. It was based upon the Assurance Framework for 2011/12 which was developed by the whole Cluster Board during a facilitated planning event and each of the risks identified has a lead Cluster director whose responsibility it is to ensure that the risk is mitigated. Action plans are in place to mitigate the risks identified and embedded within the day to day working of the Cluster. The Cluster published information in relation to the Equality Act by 31 January 2013 as required.

The red risk register holds the high operational risks and the financial consequences of the risk are identified where appropriate. These are categorised as 'red' on the 5x5 risk scoring matrix. Again, there is a lead director identified who puts an action plan in place and ensures that the risk is mitigated. The red risk register is reviewed regularly at the Cluster's Transitional Committee (which was established to oversee the transition arrangements put in place to enact the NHS reorganisation resulting from the NHS and Social Care Act).

The Cluster was conscious that the year 2012/13 was one of extreme disruption within the management of the NHS. As such, the Transition Committee was instrumental in monitoring the risks associated with the changes. These risks and their mitigation were then reported to each Board meeting. The Audit Committee also reviewed the Cluster's approach to risk and

the risk register. The Cluster put into place robust mechanisms to ensure patient safety and quality was not compromised during this period. This included working closely with successor organisations in particular the CCGs to ensure continuity and transfer of corporate memory.

Review of the effectiveness of risk management and internal control

The PCT achieves assurance that risk management activities and systems are being appropriately identified and managed through the following:

- Annual Governance Statement, the Board Assurance Framework and transitional risk register
- The PCT Cluster's progress against its strategic and operational objectives
- Statistical and trend reporting of Incidents, Complaints and Claims to the Board and relevant Committees
- Correlation between incidents/near miss reporting and dates of occurrence
- Receiving assurance from Internal and External Audit that the PCT Cluster's Risk Management Systems are being implemented
- Information Governance Toolkit compliance

This proactive and reactive management of risks means that the PCT Cluster is able to provide a dynamic and continuous quality improvement process for the systematic identification and analysis of all risks. Relevant stakeholders are made aware of the significant risks through the PCT Cluster Board. Significant risks are prioritised according to their high numeric score.

The following sections set out a more detailed assessment of several specific areas.

Audit Committee reports

The Cluster Audit Committee has approved Terms of Reference that are in line with the Audit Committee Handbook, published by the HFMA and Department of Health. Its agenda is largely driven by the handbook with the content and timing of the meetings linked to the requirements of the financial year. The Committee had delegated authority from the Cluster Board to approve the Annual Financial Statements; the draft Annual Report and the annual accounts and report for Funds held on Trust (Charitable Funds). During 2012/13 it reported after every meeting to the Board. The Cluster Audit Committee worked very closely with Audit Committees within each Black Country locality. These local audit committees recommended the write-off of losses; ex gratia payments reported to the Cluster Audit Committee.

Pension

As an employer with staff entitled to membership of the NHS Pension scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments in to the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Fraud

The PCT has specific and appropriate arrangements in place to comply with the requirements of the Local Counter Fraud and Security Management Services Directives and the Bribery Act.

Head of Internal Audit Opinion

The HoIA Opinion describes the robustness of the arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of Internal Audit's work. The opinion concluded that the systems in respect of the Assurance Framework are robust and operate in a good control environment and gives significant assurance with regard to the management of risk in the core systems.

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

Executive managers within the organisation who have responsibility for the development and maintenance of the system of internal control provide the Accountable Officer with assurance. The Assurance Framework itself provides evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed.

Significant Issues

Never events at Royal Wolverhampton Hospitals Trust

There were four of these reported to the PCT during 2012-13 and each of them has been the subject of discussion and remedial action planning through the Clinical Quality Review meetings with the Trust and our local Quality and Safety Committee. All four were related to 'retained' swabs, instruments etc. post-op. Of the 4 events, one was reported in April for an incident that occurred in February 2012 and so the incident did not occur in the last financial year. However this demonstrates the excellent working relationship and trust that exists between the provider and commissioner. There have also been announced and unannounced quality review visits to the relevant locations of the Trust.

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. I am confident that this Annual Governance Statement is a balanced reflection of the actual control position and that where control weaknesses have been identified there is a sufficiently robust plan in place to strengthen the assurance available.

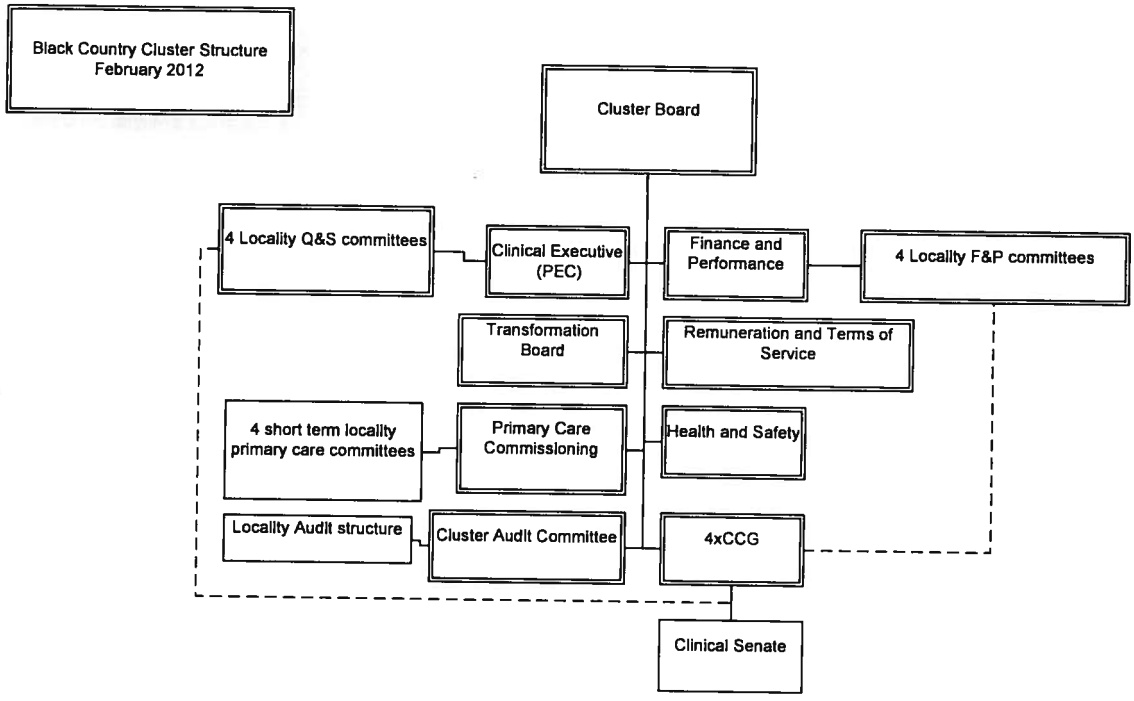
Accountable Officer: Name Wendy Saviour

Organisation: Wolverhampton City PCT

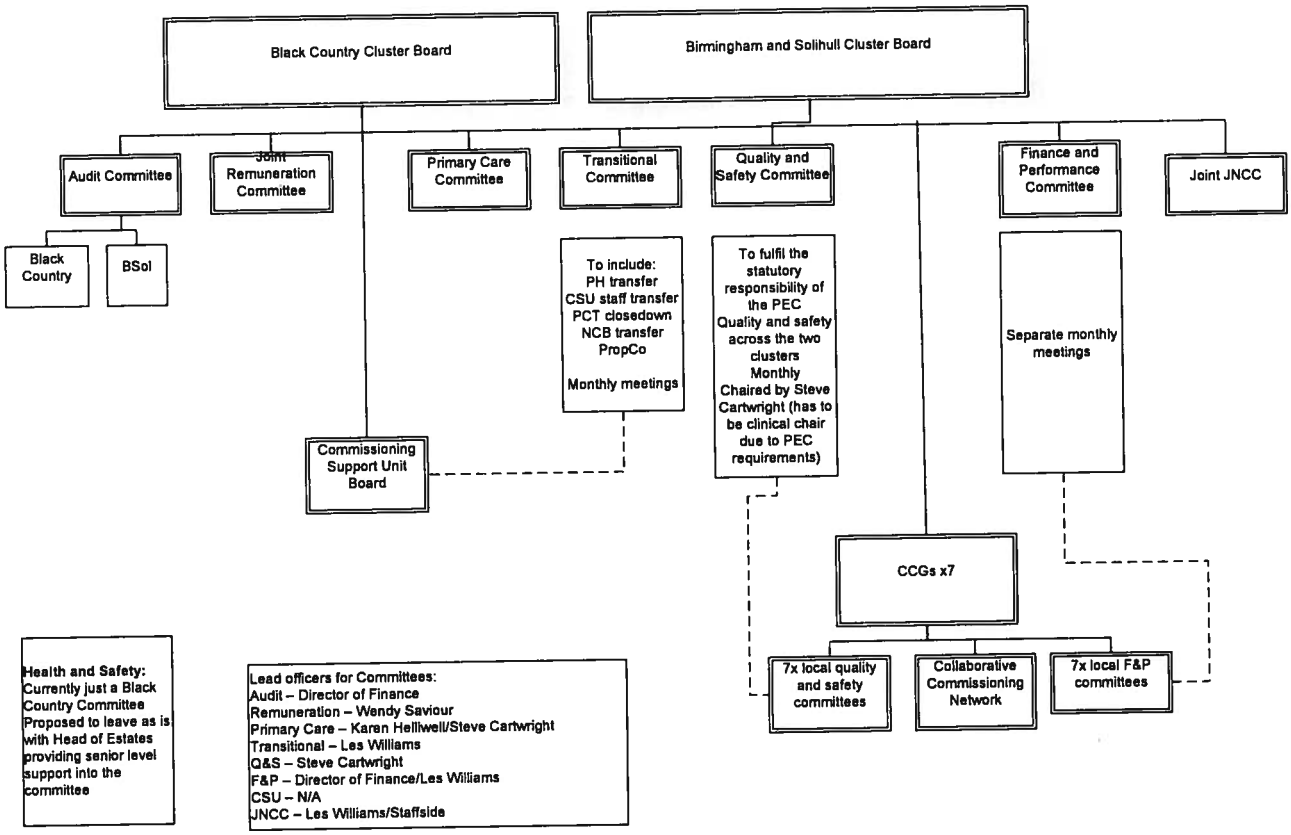
Signature

Date 6th June 2013

Appendix 1: Board committee structure April – September 2012



Appendix 2: Board committee structure October 2012 – March 2013



Independent Auditors' Report to the officer responsible for preparing the accounts of Wolverhampton City Primary Care Trust

We have audited the financial statements of Wolverhampton City Primary Care Trust ("the PCT") for the year ended 31 March 2013 which comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is the accounting policies directed by the Secretary of State for Health with the consent of the Treasury as relevant to the National Health Service in England set out therein.

Respective responsibilities of the officer responsible for preparing the accounts and auditors

As explained more fully in the Statement of Responsibilities of the Signing Officer, the officer responsible for preparing the accounts is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with accounting policies directed by the Secretary of State, with the consent of the Treasury, as being relevant to the National Health Service in England. Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission and International Standards on Auditing (ISAs) (UK and Ireland).Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the officer responsible for preparing the accounts of Wolverhampton City Primary Care Trust in accordance with Part II of the Audit Commission Act 1998 as set out in paragraph 45 of the Statement of Responsibilities of Auditors and of Audited Bodies (Local NHS Bodies) published by the Audit Commission in March 2010 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and Accounts 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 state of the PCT's affairs as at 31 March 2013 and of its net operating costs for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England.

Opinion on other matters prescribed by the Code of Audit Practice
In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements directed by the Secretary of State with the consent of the Treasury as being relevant to the National Health Service in England;

- 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; and

- the information given in the Directors' 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 issued by the Audit Commission requires us to report to you if:

- in our opinion, the Governance Statement does not comply with the Department of Health's requirements set out in "2012/13 Governance Statements – Guidance " issued on 31 January 2013 or is misleading or inconsistent with information of which we are aware from our audit; or

- we refer a matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because the PCT, or an officer of the PCT, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or

- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

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

Respective responsibilities of the PCT and auditors
The PCT is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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 to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the PCT has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the PCT's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the 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, having regard to the guidance issued by the Audit Commission on 1 November 2012. We have considered the results of the following:

- our review of the Annual Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent that the results of this work impact on our responsibilities at the PCT; and
- our locally determined risk-based work on the following key areas;
    - the management of transition as the PCT moved towards its demise;
    - the calculation of the continuing healthcare provision;
    - any quality concerns regarding local healthcare providers;
    - any significant breaches in internal control (including financial controls and information governance);
    - the transfer of assets to successor bodies; and
    - the transfer of finance processing to NHS Shared Business Services (SBS).

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

Certificate

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

Mark Jones, Engagement Lead
For and on behalf of PricewaterhouseCoopers LLP
Appointed Auditors
Cornwall Court,
19 Cornwall St,
Birmingham
B3 2DT

10 June 2013

Notes:

(a) The maintenance and integrity of the Wolverhampton City PCT website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Net Expenditure for year ended 31 March 2013

	NOTE	2012-13 £000	2011-12 £000
Administration Costs and Programme Expenditure			
Gross employee benefits	7.1	**11,729**	13,139
Other costs	5.1	**499,568**	461,375
Revenue	4	**(33,507)**	(20,186)
Net operating costs before interest		**477,790**	454,328
Investment revenue	9	**(15)**	(15)
Other (Gains)/Losses	10	**27**	73
Finance costs	11	**811**	837
Net operating costs for the financial year		**478,613**	455,223
Transfers by absorption -(gains)		**0**	0
Transfers by absorption - losses		**0**	0
Net (gain)/loss on transfers by absorption		**0**	0
Net Operating Costs for the Financial Year including absorption transfers		**478,613**	**455,223**
Of which:			
Administration Costs			
Gross employee benefits	7.1	**8,563**	8,806
Other costs	5.1	**12,762**	7,057
Revenue	4	**(7,874)**	(239)
Net administration costs before interest		**13,451**	**15,624**
Investment revenue	9	**0**	0
Other (Gains)/Losses	10	**27**	73
Finance costs	11	**0**	0
Net administration costs for the financial year		**13,478**	**15,697**
Programme Expenditure			
Gross employee benefits	7.1	**3,166**	4,333
Other costs	5.1	**486,806**	454,318
Revenue	4	**(25,633)**	(19,947)
Net programme expenditure before interest		**464,339**	**438,704**
Investment revenue	9	**(15)**	(15)
Other (Gains)/Losses	10	**0**	0
Finance costs	11	**811**	837
Net programme expenditure for the financial year		**465,135**	**439,526**

Other Comprehensive Net Expenditure	2012-13 £000	2011-12 £000
Impairments and reversals put to the Revaluation Reserve	**1,691**	1,918
Net (gain) on revaluation of property, plant & equipment	**(841)**	(1,074)
Total comprehensive net expenditure for the year	**479,463**	**456,067**

The Primary Care Trust is required to prepare its 2012-13 Statutory Accounts in accordance with the Secretary of State for Health Treasury Directions.
The Accounts give a true and fair view of the Primary Care Trust's gains and losses, cash flows and financial state at the end of the current financial year.

The notes on pages 1 to 39 form part of this account.

Statement of Financial Position at 31 March 2013

	NOTE	31 March 2013 £000	31 March 2012 £000
Non-current assets:			
Property, plant and equipment	12	**62,601**	56,707
Intangible assets	13	**11**	28
Investment property	15	**0**	0
Other financial assets	21	**118**	122
Trade and other receivables	19	**0**	0
Total non-current assets		**62,730**	56,857
Current assets:			
Inventories	18	**0**	0
Trade and other receivables	19	**5,915**	6,687
Other financial assets	21	**0**	0
Other current assets	22	**0**	0
Cash and cash equivalents	23	**1,030**	5
Total current assets		**6,945**	6,692
Non-current assets held for sale	24	**0**	0
Total current assets		**6,945**	6,692
Total assets		**69,675**	63,549
Current liabilities			
Trade and other payables	25	**(35,074)**	(32,104)
Other liabilities	26,28	**0**	0
Provisions	32	**(4,818)**	(4,206)
Borrowings	27	**(342)**	(274)
Other financial liabilities	36.2	**0**	0
Total current liabilities		**(40,234)**	(36,584)
Non-current assets plus/less net current assets/liabilities		**29,441**	26,965
Non-current liabilities			
Trade and other payables	25	(31)	(60)
Other liabilities	28	0	0
Provisions	32	(387)	(1,346)
Borrowings	27	(9,734)	(10,156)
Other financial liabilities	36.2	0	0
Total non-current liabilities		**(10,152)**	(11,562)
Total Assets Employed:		**19,289**	15,403
Financed by taxpayers' equity:			
General fund		10,887	6,151
Revaluation reserve		8,402	9,252
Other reserves		0	0
Total taxpayers' equity:		**19,289**	15,403

The notes on pages 1 to 39 form part of this account.

The financial statements were approved by the Board on 6th June and signed on its behalf by:

Wendy Saviour

Accountable Officer **Date:**

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

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000	£000	£000	£000
Balance at 1 April 2012	**6,151**	**9,252**	**0**	**15,403**
Changes in taxpayers' equity for 2012-13				
Net operating cost for the year	(478,613)			**(478,613)**
Net gain on revaluation of property, plant, equipment		841		**841**
Impairments and reversals		(1,691)		**(1,691)**
Total recognised income and expense for 2012-13	**(478,613)**	**(850)**	**0**	**(479,463)**
Net Parliamentary funding	483,349			**483,349**
Balance at 31 March 2013	**10,887**	**8,402**	**0**	**19,289**

Balance at 1 April 2011	**3,733**	**10,129**	**0**	**13,862**
Changes in taxpayers' equity for 2011-12				
Net operating cost for the year	(455,223)			(455,223)
Net gain on revaluation of property, plant, equipment		1,074		1,074
Impairments and Reversals		(1,918)		(1,918)
Transfers between reserves	33	(33)		0
Total recognised income and expense for 2011-12	(455,190)	(877)	0	(456,067)
Net Parliamentary funding	457,608			457,608
Balance at 31 March 2012	**6,151**	**9,252**	**0**	**15,403**

The General Fund reflects the PCT's cumulative net operating costs transferred each year together with the cumulative parliamentary funding. This balance cannot be released back to the SOCNE.

The Revaluation Reserve reflects movements in the value of property, plant and equipment and intangible assets as set out in the accounting policies. The revaluation reserve balance relating to each asset is released to the general fund on disposal of that asset.

Statement of cash flows for the year ended 31 March 2013

	2012-13 £000	2011-12 £000
Cash Flows from Operating Activities		
Net Operating Cost Before Interest	**(477,790)**	(454,328)
Depreciation and Amortisation	**2,096**	2,706
Impairments and Reversals	**3,074**	423
Other Gains / (Losses) on foreign exchange	**0**	0
Donated Assets received and credited to revenue but non-cash	**0**	0
Government Granted Assets received and credited to revenue but non-cash	**0**	0
Interest Paid	**(798)**	(818)
Release of PFI/deferred credit	**0**	0
(Increase)/Decrease in Inventories	**0**	342
(Increase)/Decrease in Trade and Other Receivables	**772**	1,711
(Increase)/Decrease in Other Current Assets	**0**	0
Increase/(Decrease) in Trade and Other Payables	**3,722**	(287)
(Increase)/Decrease in Other Current Liabilities	**0**	0
Provisions Utilised	**(4,273)**	(4,652)
Increase/(Decrease) in Provisions	**3,913**	1,755
Net Cash Inflow/(Outflow) from Operating Activities	**(469,284)**	**(453,148)**
Cash flows from investing activities		
Interest Received	**15**	15
(Payments) for Property, Plant and Equipment	**(13,060)**	(2,927)
(Payments) for Intangible Assets	**0**	0
(Payments) for Other Financial Assets	**0**	0
(Payments) for Financial Assets (LIFT)	**0**	0
Proceeds of disposal of assets held for sale (PPE)	**0**	2
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	**4**	7
Rental Revenue	**0**	0
Net Cash Inflow/(Outflow) from Investing Activities	**(13,041)**	**(2,903)**
Net cash inflow/(outflow) before financing	**(482,325)**	**(456,051)**
Cash flows from financing activities		
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	**0**	0
Net Parliamentary Funding	**483,349**	457,608
Capital Receipts Surrendered	**0**	0
Capital grants and other capital receipts	**1**	0
Cash Transferred (to)/from Other NHS Bodies	**0**	0
Net Cash Inflow/(Outflow) from Financing Activities	**483,350**	**457,608**
Net increase/(decrease) in cash and cash equivalents	**1,025**	**1,557**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	**5**	**(1,552)**
Effect of Exchange Rate Changes in the Balance of Cash Held in Foreign Currencies	**0**	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**1,030**	**5**

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.

Under the provisions of the The Health and Social Care Act 2012, the PCT was dissolved on 1 April 2013. The PCT's functions, assets and liabilities transferred to other public sector enties as outlined in Note 42 Events after the Reporting Period. Where reconfigerations 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 as the same basis as would a continuing entity. In particular, there has been no general revaluation of assets and liabilities, and no disclosures have been made under IFRS 5 Non-Current Assets Held for Sale and Discontinued Operation.

1.1 Accounting Conventions

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

Transforming Community Services (TCS) transactions
Under the TCS initiative, services historically provided by PCTs have transferred to other providers. In the case of Wolverhampton, community services were transferred to The Royal Wolverhampton NHS Trust on 1st April 2011. Mental Health Services were transferred to The Black Country Partnership NHS Foundation Trust on 1st August 2011.

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

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

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

- Leases
The PCT applies the tests contained in IAS17 to all of its present and proposed leases in order to ascertain if they should be classed as operating or finance leases. Often the information available can be inconclusive and therefore judgement is made regarding the transfer of the risks and rewards of ownership of the associated assets in order that a decision can be made.

- LIFT Contracts
In applying the accounting framework described in IFRIC12 to its LIFT schemes, the PCT has assessed them to be required to be reported on-Statement of Financial Position.

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.

- Valuation of land and buildings
The estimation basis for the valuation of land and buildings is Modern Equivalent Asset Value. This estimation was carried out on the PCT's behalf by the District Valuer in accordance with RICS valuation standards.

- Useful economic lives of assets
The PCT estimates the useful economic lives of its non current assets. Every care is taken to ensure that estimates are robust however factors such as unforeseen obsolescence or breakdown may impact on the actual life of the asset held.

- Provisions
When considering provisions for events such as CHC retrospective claims, pension payments, NHSLA claims and other legal cases the PCT uses estimates based on expert advice from agencies such as the NHS Litigation Authority and the experience of its managers.

- Shared cluster costs
Under NHS reform the Black Country Cluster was formed during 2011/12. Certain costs in relation to the formation of the Cluster have been shared across the 4 member PCTs on a population basis. The share for Wolverhampton City PCT amounts to 21.8%.

1. Accounting Policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Pooled Budgets

The PCT has entered into a pooled budget with Wolverhampton City Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006. The pooled budget arrangement includes Learning Disability and Mental Health Budgets which are hosted by Wolverhampton City Council. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget arrangement. The Intermediate Care and Integrated Community Equipment Store Pools were transferred under Transforming Community Services to Royal Wolverhampton NHS Trust and are contracted for under the standard NHS contract to reflect the operational management of the service. Wolverhampton City CCG along with Wolverhampton City Council have formally agreed to disband all S75's with effect from 1 April 2013.

1.4 Taxation

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

1.5 Administration and Programme Costs

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

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

1. Accounting Policies (continued)

1.6 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings had 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 are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net Expenditure.

Subsequent expenditure

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

1. Accounting Policies (continued)

1.7 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.8 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the PCT expects to obtain economic benefit 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 are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

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

1. Accounting Policies (continued)

1.9 Donated assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to revenue. 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. Donated income is deferred only where conditions attached to the donation have not been met.

1.10 Government grants

The value of assets received by means of a government grant are credited directly to revenue. Government grant income is deferred only where conditions attached to the grant have not been met.

1.11 Non-current assets held for sale

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

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

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

1.12 Inventories

As a result of the transfer of provider services under Transforming Community Services, the majority of the PCT's inventories were transferred to other NHS bodies. The PCT does not hold any inventories or record any work-in-progress. (Partially completed contracts for patient services are not accounted for as such however expenditure is accrued in respect of part-completed treatment episodes at the Statement of Financial Position date.)

1.13 Cash and cash equivalents

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

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

1.14 Losses and Special Payments

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

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

1.15 Clinical Negligence Costs

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

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

1. Accounting Policies (continued)

1.16 Employee Benefits

Short-term employee benefits
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. Where material, 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.

1.17 Research and Development

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

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

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

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

1. Accounting Policies (continued)

1.21 Contingencies

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

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

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

1.22 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

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

1.23 Foreign Exchange

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

1.24 Provisions

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

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

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

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

1. Accounting Policies (continued)

1.25 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

Fair value is determined by reference to quoted market prices where possible, otherwise with reference to the current fair value of another instrument that is substantially the same.

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

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

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

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

1. Accounting Policies (continued)

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

Financial liabilities are initially recognised at fair value.

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

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

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

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

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

In addition the PCT holds a fixed asset investment in relation to shares in the holding company within the LIFT arrangement. These shares are held at cost since no other reasonable valuation methodology exists.

1. Accounting Policies (continued)

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

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

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

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

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

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

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

1.27 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
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation

2. Operating Segments

Up until 2011-12 the PCT recognised two main operating segments, NHS Wolverhampton, its commissioning arm, and Provider Services, and reported on this basis to the Board. Where operationally practical, the Statement of Financial Position was held on a segmental basis.

However, since the transfer of services and exclusion of provider transactions under Transforming Community Services, the PCT has operated and reported as one segment, initially to the PCT Board and then the Black Country Cluster Board. This judgement was reached through analysis of IFRS 8 by senior finance management and was agreed across the Cluster.

3. Financial Performance Targets

3.1 Revenue Resource Limit

	2012-13 £000	2011-12 £000
The PCTs' performance for the year ended 2012-13 is as follows:		
Total Net Operating Cost for the Financial Year	**478,613**	455,223
Adjusted for prior period adjustments in respect of errors	**0**	0
Revenue Resource Limit	**493,823**	474,905
Under/(Over)spend Against Revenue Resource Limit (RRL)	**15,210**	19,682

PCTs are required to ensure that the resources they expend in the year do not exceed the resource limit specified by the Secretary of State for that year. The PCT has remained within its resource limit this year and last.

3.2 Capital Resource Limit

	2012-13 £000	2011-12 £000
The PCT is required to keep within its Capital Resource Limit.		
Capital Resource Limit	**12,431**	3,371
Charge to Capital Resource Limit	**11,924**	3,051
(Over)/Underspend Against CRL	**507**	**320**

3.3 Under/(Over)Spend Against Cash Limit

	2012-13 £000	2011-12 £000
Total Charge to Cash Limit	**483,349**	457,608
Cash Limit	**483,349**	457,608
Under/(Over)spend Against Cash Limit	**0**	**0**

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

	2012-13 £000
Total cash received from DH (Gross)	420,313
Less: Trade Income from DH	0
Less/(Plus): movement in DH working balances	0
Sub total: net advances	**420,313**
(Less)/plus: transfers (to)/from other resource account bodies	0
Plus: cost of Dentistry Schemes (central charge to cash limits)	12,827
Plus: drugs reimbursement (central charge to cash limits)	50,209
Parliamentary funding credited to General Fund	**483,349**

4. Miscellaneous Revenue

	2012-13 Total	2012-13 Admin	2012-13 Programme	2011-12
	£000	£000	£000	£000
Fees and Charges	**113**	0	113	4
Dental Charge revenue from Contractor-Led GDS & PDS	**2,995**		2,995	3,056
Dental Charge revenue from Trust-Led GDS & PDS	**0**		0	0
Prescription Charge revenue	**3,049**		3,049	2,127
Strategic Health Authorities	**309**	0	309	673
NHS Trusts	**169**	0	169	1
NHS Foundation Trusts	**1,042**	0	1,042	1,498
Primary Care Trusts Contributions to DATs	**159**		159	0
Primary Care Trusts - Other	**578**	0	578	1,139
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	210
Local Authorities	**14,878**	0	14,878	1,001
Patient Transport Services	**0**		0	0
Education, Training and Research	**75**	0	75	165
Non-NHS: Private Patients	**0**		0	0
Non-NHS: Overseas Patients (Non-Reciprocal)	**0**		0	0
NHS Injury Costs Recovery	**27**		27	9
Other Non-NHS Patient Care Services	**203**	0	203	341
Charitable and Other Contributions to Expenditure	**272**		272	57
Receipt of donated assets	**0**		0	0
Receipt of Government granted assets	**0**		0	0
Rental revenue from finance leases	**0**	0	0	0
Rental revenue from operating leases	**7,864**	7,864	0	6,852
Other revenue	**1,774**	10	1,764	3,053
Total miscellaneous revenue	**33,507**	**7,874**	**25,633**	**20,186**

5. Operating Costs

5.1 Analysis of operating costs:

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 Total £000
Goods and Services from Other PCTs				
Healthcare	**51,131**		51,131	53,519
Non-Healthcare	**166**	166	0	862
Total	**51,297**	**166**	**51,131**	**54,381**
Goods and Services from Other NHS Bodies other than FTs				
Goods and services from NHS Trusts	**219,652**	0	219,652	209,202
Goods and services (other, excl Trusts, FT and PCT)	**28**	15	13	0
Total	**219,680**	**15**	**219,665**	**209,202**
Goods and Services from Foundation Trusts	**48,134**	0	48,134	31,616
Purchase of Healthcare from Non-NHS bodies	**38,447**		38,447	42,017
Social Care from Independent Providers	**0**		0	0
Expenditure on Drugs Action Teams	**1,441**		1,441	1,278
Non-GMS Services from GPs	**0**	0	0	0
Contractor Led GDS & PDS (excluding employee benefits)	**15,050**		15,050	13,460
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	**0**		0	0
Chair, Non-executive Directors & PEC remuneration	**63**	63	0	78
Executive committee members costs	**52**	52	0	67
Consultancy Services	**1,061**	1,061	0	205
Prescribing Costs	**42,554**		42,554	41,980
G/PMS, APMS and PCTMS (excluding employee benefits)	**35,378**	0	35,378	35,849
Pharmaceutical Services	**311**		311	400
Local Pharmaceutical Services Pilots	**0**		0	0
New Pharmacy Contract	**12,315**		12,315	11,063
General Ophthalmic Services	**3,874**		3,874	3,457
Supplies and Services - Clinical	**342**	276	66	415
Supplies and Services - General	**305**	36	269	106
Establishment	**1,700**	846	854	421
Transport	**89**	58	31	63
Premises	**6,450**	5,242	1,208	4,773
Impairments & Reversals of Property, plant and equipment	**3,074**	0	3,074	423
Impairments and Reversals of non-current assets held for sale	**0**	0	0	0
Depreciation	**2,079**	2,079	0	2,692
Amortisation	**17**	17	0	14
Impairment & Reversals Intangible non-current assets	**0**	0	0	0
Impairment and Reversals of Financial Assets	**0**	0	0	0
Impairment of Receivables	**(46)**	0	(46)	(100)
Inventory write offs	**0**	0	0	0
Research and Development Expenditure	**0**	0	0	0
Audit Fees	**117**	117	0	222
Other Auditors Remuneration #	**56**	56	0	47
Clinical Negligence Costs	**0**	0	0	0
Education and Training	**236**	0	236	476
Grants for capital purposes	**0**	0	0	0
Grants for revenue purposes	**0**	0	0	0
Impairments and reversals for investment properties	**0**	0	0	0
Other	**15,492**	2,678	12,814	6,770
Total Operating costs charged to Statement of Comprehensive Net Expenditure	**499,568**	**12,762**	**486,806**	**461,375**
Employee Benefits (excluding capitalised costs)				
Employee Benefits associated with PCTMS	**0**	0	0	0
Trust led PDS and PCT DS	**0**	0	0	0
PCT Officer Board Members	**415**	415	0	291
Other Employee Benefits	**11,314**	8,148	3,166	12,848
Total Employee Benefits charged to SOCNE	**11,729**	**8,563**	**3,166**	**13,139**
Total Operating Costs	**511,297**	**21,325**	**489,972**	**474,514**

Other Auditors Remuneration comprises:

PBR Data Assurance work carried out by the Audit Commission	25		23
All other services	31		24
	56		47

5.2 Running costs

	Total	Commissioning Services	Public Health
PCT Running Costs 2012-13			
Running costs (£000s)	**10,782**	8,751	2,031
Weighted population (number in units)*	**271,703**	271,703	271,703
Running costs per head of population (£ per head)	**40**	**32**	**7**
PCT Running Costs 2011-12			
Running costs (£000s)	**12,991**	11,620	1,371
Weighted population (number in units)	**271,703**	271,703	271,703
Running costs per head of population (£ per head)	**48**	**43**	**5**

* Weighted population figures are not available for 2012-13 as the weighted capitation formula for PCT allocations was not updated for 2012-13. This was because it was decided to give all PCTs the same percentage growth in their allocations in this transitional year rather than differential growth based on a weighted capitation formula. Therefore, 2011-12 weighted populations have been used when calculating the Running Costs per head of population in 2012-13.

5.3 Analysis of operating expenditure by expenditure classification	2012-13 £000	2011-12 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	35,432	35,453
Prescribing costs	42,554	41,745
Contractor led GDS & PDS	15,050	12,796
Trust led GDS & PDS	0	0
General Ophthalmic Services	3,581	3,453
Department of Health Initiative Funding	0	0
Pharmaceutical services	311	400
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	12,315	11,063
Non-GMS Services from GPs	0	0
Other	2,427	3,333
Total Primary Healthcare purchased	**111,670**	108,243
Purchase of Secondary Healthcare		
Learning Difficulties	5,875	5,293
Mental Illness	52,824	49,104
Maternity	13,546	13,292
General and Acute	208,152	198,038
Accident and Emergency	17,268	15,052
Community Health Services	39,568	42,171
Other Contractual	13,501	13,067
Total Secondary Healthcare Purchased	**350,734**	336,017
Total Healthcare Purchased by PCT	**462,404**	**444,260**
Healthcare from NHS FTs included above	32,763	31,584

Purchase of Secondary Healthcare includes £1,140k payable to the Royal Wolverhampton NHS Trust in relation to partially completed spells (£832k 2011-12).

6. Operating Leases

6.1 PCT as lessee

	Land £000	Buildings £000	Other £000	2012-13 Total £000	2011-12 £000
Payments recognised as an expense					
Minimum lease payments				**1,789**	1,027
Contingent rents				**0**	0
Sub-lease payments				**0**	0
Total				**1,789**	**1,027**
Payable:					
No later than one year	**44**	**874**	**0**	**918**	925
Between one and five years	**44**	**3,399**	**0**	**3,443**	3,045
After five years	**0**	**1,517**	**0**	**1,517**	1,277
Total	**88**	**5,790**	**0**	**5,878**	**5,247**

Total future sublease payments expected to be received	0	0

The PCT holds a number of operating leases for properties across Wolverhampton. The most significant of these is Coniston House, Chapel Ash where its headquarters are based (£440k payment in 12-13, £360k payment in 11-12), Other notable leases are Bilston Urban Village (£58k in 12-13, £78k in 11-12); Showell Park (£95k in 12-13, £90k in 11-12) and Ettingshall (£77k in 2012-13, £78k in 11-12). These leases are for the portakabins in use as part of the PCT's extended access to primary care (EAPC) project.

The General Medical Services contract entered into by Wolverhampton City PCT with GPs includes conditions relating to the use of GP premises. Under IFRIC 4 (determining whether an arrangement contains a lease), the PCT has determined that those conditions are operating leases. As the GMS contract does not have a defined term it is not possible to analyse the financial impact of the arrangements over future financial years.

The financial value of the premises costs included within GMS payments in the operating cost statement is not quantifiable due to the reporting limitations of the current system.

6.2 PCT as lessor

	2012-13 £000	2011-12 £000
Recognised as revenue		
Rental Revenue	**7,864**	6,852
Contingent rents	**0**	0
Total	**7864**	6,852
Receivable*		
No later than one year	**7,801**	7,801
Between one and five years	**38,816**	38,816
After five years	**0**	0
Total	**46,617**	46,617

*Relates to future minimum lease payments receivable under non-cancellable operating leases.

The PCT leases premises to a number of lessees including GPs; Pharmacies, The Royal Wolverhampton NHS Trust and Black Country Partnership NHS Foundation Trust.

Where the PCT has entered into arrangements with GPs for the use of premises it has determined that these operating leases must be recognised according to extant accounting standards. However, as there is no defined term in the arrangements entered into it is not possible to analyse them over a range of years.

7. Employee Benefits and Staff Numbers

7.1 Employee benefits

2012-13			Permanently employed			Other		
Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000	Admin £000	Programme £000
Employee Benefits - Gross Expenditure								
Salaries and wages	**10,392**	7,587	2,805	**8,379**	6,117	2,262	**2,013**	1,470	543
Social security costs	**543**	396	147	**532**	388	144	**11**	8	3
Employer Contributions to NHS BSA - Pensions Division	**794**	580	214	**779**	569	210	**15**	11	4
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	**0**	0	0	**0**	0	0	**0**	0	0
Total employee benefits	**11,729**	**8,563**	**3,166**	**9,690**	**7,074**	**2,616**	**2,039**	**1,489**	**550**
Less recoveries in respect of employee benefits (table below)	**0**	0	0	**0**	**0**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits including capitalised costs	**11,729**	**8,563**	**3,166**	**9,690**	**7,074**	**2,616**	**2,039**	**1,489**	**550**
Gross Employee Benefits excluding capitalised costs	**11,729**	**8,563**	**3,166**	**9,690**	**7,074**	**2,616**	**2,039**	**1,489**	**550**

Employee Benefits - Prior- year

Total £000	Permanently employed £000	Other £000
Employee Benefits Gross Expenditure 2011-12		
Salaries and wages	**9,472**	6,641	2,831
Social security costs	**1,214**	1,193	21
Employer Contributions to NHS BSA - Pensions Division	**1,886**	1,856	30
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0
Termination benefits	**567**	567	0
Total gross employee benefits	**13,139**	**10,257**	**2,882**
Less recoveries in respect of employee benefits	**(210)**	0	(210)
Total - Net Employee Benefits including capitalised costs	**12,929**	**10,257**	**2,672**
Gross Employee Benefits excluding capitalised costs	**12,929**	**10,257**	**2,672**

7.2 Staff Numbers

2012-13			2011-12		
Total Number	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number
Average Staff Numbers					
Medical and dental	**5**	5	0	**7**	5	2
Ambulance staff	**0**	0	0	**0**	0	0
Administration and estates	**218**	190	28	**237**	217	20
Healthcare assistants and other support staff	**7**	3	4	**5**	5	0
Nursing, midwifery and health visiting staff	**2**	2	0	**3**	3	0
Nursing, midwifery and health visiting learners	**0**	0	0	**0**	0	0
Scientific, therapeutic and technical staff	**13**	13	0	**15**	14	1
Social Care Staff	**0**	0	0	**0**	0	0
Other	**0**	0	0	**0**	0	0
TOTAL	**245**	**213**	**32**	**267**	**244**	**23**

7.3 Staff Sickness absence and ill health retirements

	2012-13 Number	2011-12 Number
Total Days Lost	**2,920**	**2,552**
Total Staff Years	**412**	**89,081**
Average working Days Lost	7.09	0.03

In line with previous years the data has been produced in respect of the calender year i.e.12 months ending 31 December 2012
as a proxy for the financial year data (which is not available before the closure of the accounts.)

	2012-13 Number	2011-12 Number
Number of persons retired early on ill health grounds	**1**	1
	£000	**£000**
Total additional pensions liabilities accrued in the year	**73**	11

7.4 Exit Packages agreed during 2012-13

	2012-13			2011-12		
Exit package cost band (including any special payment element)	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**	**Number of compulsory redundancies**	**Number of other departures agreed**	**Total number of exit packages by cost band**
	Number	**Number**	**Number**	**Number**	**Number**	**Number**
Lees than £10,000	**2**	**3**	**5**	1	1	**2**
£10,001-£25,000	**6**	**14**	**20**	0	2	**2**
£25,001-£50,000	**5**	**8**	**13**	0	2	**2**
£50,001-£100,000	**3**	**13**	**16**	2	0	**2**
£100,001 - £150,000	**0**	**2**	**2**	0	0	**0**
£150,001 - £200,000	**0**	**1**	**1**	0	0	**0**
>£200,000	**0**	**0**	**0**	1	0	**1**
Total number of exit packages by type	**16**	**41**	**57**	**4**	**5**	**9**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Total resource cost	510	1,886	**2,396**	433	134	**567**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table, (1 case at a cost of £73k, 1 case at a cost of £11k in 2011/12).

Payments under the Mutually Agreed Resignation Scheme (MARS) have been made to 41 staff at a cost of £1,886k, (2011/12 5 staff at a cost of £134k).

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

7.5 Pension costs

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

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

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

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

b) Full actuarial (funding) valuation

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

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

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

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

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

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

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

8. Better Payment Practice Code

8.1 Measure of compliance

	2012-13 Number	2012-13 £000	2011-12 Number	2011-12 £000
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	**14,503**	**60,249**	17,229	54,027
Total Non-NHS Invoices Paid Within Target	**12,597**	**52,855**	16,213	51,062
Percentage of Non-NHS Invoices Paid Within Target	86.86%	87.73%	94.10%	94.51%
NHS Payables				
Total NHS Invoices Paid in the Year	**3,592**	**351,674**	3,700	326,619
Total NHS Invoices Paid Within Target	**3,154**	**337,454**	3,591	326,137
Percentage of NHS Invoices Paid Within Target	87.81%	95.96%	97.05%	99.85%

The PCT is an approved signatory to the Institute of Credit Management's Prompt Payment Code. The code requires the PCT to aim to pay all valid invoices by their due date or within 30 days of receipt of a valid invoice, whichever is later.

The transfer to a new financial ledger system from September 2012 has impacted on the cumulative position resulting in a deterioration of the percentages achieved for 2012-13.

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

	2012-13 £000	2011-12 £000
Amounts included in finance costs from claims made under this legislation	**0**	0
Compensation paid to cover debt recovery costs under this legislation	**0**	0

9. Investment Revenue

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Rental revenue				
PFI finance lease revenue (planned)	**0**	**0**	**0**	0
PFI finance lease revenue (contingent)	**0**	**0**	**0**	0
Other finance lease revenue	**0**	**0**	**0**	0
Subtotal	**0**	**0**	**0**	0
Interest revenue				
LIFT: equity dividends receivable	**0**	**0**	**0**	0
LIFT: loan interest receivable	**15**	**0**	**15**	15
Bank interest	**0**	**0**	**0**	0
Other loans and receivables	**0**	**0**	**0**	0
Impaired financial assets	**0**	**0**	**0**	0
Other financial assets	**0**	**0**	**0**	0
Subtotal	**15**	**0**	**15**	15
Total investment revenue	**15**	**0**	**15**	15

10. Other Gains and Losses

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Gain/(Loss) on disposal of assets other than by sale (PPE)	**(27)**	**(27)**	**0**	(73)
Gain/(Loss) on disposal of assets other than by sale (intangibles)	**0**	**0**	**0**	0
Gain/(Loss) on disposal of Financial Assets - other than held for sale	**0**	**0**	**0**	0
Gain (Loss) on disposal of assets held for sale	**0**	**0**	**0**	0
Gain/(loss) on foreign exchange	**0**	**0**	**0**	0
Change in fair value of financial assets carried at fair value through the SoCNE	**0**	**0**	**0**	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	**0**	**0**	**0**	0
Change in fair value of investment property	**0**	**0**	**0**	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	**0**	**0**	**0**	0
Total	**(27)**	**(27)**	**0**	(73)

11. Finance Costs

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000	2011-12 £000
Interest				
Interest on obligations under finance leases	**0**	**0**	**0**	0
Interest on obligations under LIFT contracts:				
- main finance cost	**798**	**0**	**798**	818
- contingent finance cost	**0**	**0**	**0**	0
Interest on late payment of commercial debt	**0**	**0**	**0**	0
Other interest expense	**0**	**0**	**0**	**0**
Total interest expense	**798**	**0**	**798**	**818**
Other finance costs	**0**	**0**	**0**	0
Provisions - unwinding of discount	**13**		**13**	19
Total	**811**	**0**	**811**	**837**

12. Property, Plant and Equipment

12.1 Property, plant and equipment

2012-13	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation:									
At 1 April 2012	**16,286**	**43,027**	**72**	**0**	**2,991**	**435**	**7,268**	**2,637**	**72,716**
Additions of Assets Under Construction				0					**0**
Additions Purchased	0	11,472	0		162	0	84	206	**11,924**
Additions Donated	0	0	0	0	0	0	0	0	**0**
Additions Government Granted	0	0	0	0	0	0	0	0	**0**
Additions Leased	0	0	0		0	0	0	0	**0**
Reclassifications	0	(4,356)	0	4,356	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	(82)	0	0	(1)	(8)	(9)	(1)	**(101)**
Upward revaluation/positive indexation	0	838	3	0	0	0	0	0	**841**
Impairments/negative indexation	0	(1,691)	0	0	0	0	0	0	**(1,691)**
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**
At 31 March 2013	**16,286**	**49,208**	**75**	**4,356**	**3,152**	**427**	**7,343**	**2,842**	**83,689**
Depreciation									
At 1 April 2012	**0**	**6,005**	**12**	**0**	**2,565**	**363**	**4,948**	**2,116**	**16,009**
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	(61)	0		(1)	(5)	(6)	(1)	**(74)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	3,215	0	0	0	0	0	0	**3,215**
Reversal of Impairments	0	(141)	0	0	0	0	0	0	**(141)**
Charged During the Year	0	1,176	2		61	25	738	77	**2,079**
Transfers (to)/from Other Public Sector Bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2013	**0**	**10,194**	**14**	**0**	**2,625**	**383**	**5,680**	**2,192**	**21,088**
Net Book Value at 31 March 2013	**16,286**	**39,014**	**61**	**4,356**	**527**	**44**	**1,663**	**650**	**62,601**
Purchased	16,286	39,014	61	4,356	527	44	1,663	650	**62,601**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**16,286**	**39,014**	**61**	**4,356**	**527**	**44**	**1,663**	**650**	**62,601**
Asset financing:									
Owned	16,286	29,871	61	4,356	527	44	1,663	650	**53,458**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP LIFT contracts	0	9,143	0	0	0	0	0	0	**9,143**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2013	**16,286**	**39,014**	**61**	**4,356**	**527**	**44**	**1,663**	**650**	**62,601**

Revaluation Reserve Balance for Property, Plant & Equipment

	Land	Buildings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April 2012	**2,490**	**5,660**	**85**	**0**	**226**	**60**	**506**	**225**	**9,252**
Movements*	6	(856)	0	0	0	0	0	0	**(850)**
At 31 March 2013	**2,496**	**4,804**	**85**	**0**	**226**	**60**	**506**	**225**	**8,402**

* In year movements relate to the revaluation of building assets.

12.2 Property, plant and equipment

2011-12	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	**£000**
Cost or valuation:									
At 1 April 2011	**16,286**	**41,238**	**90**	**0**	**2,907**	**431**	**6,993**	**2,658**	**70,603**
Additions - purchased	0	2,667	0	0	87	12	275	10	**3,051**
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	26	(26)	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	(52)	0	0	(3)	(8)	0	(31)	**(94)**
Revaluation & indexation gains	0	1,066	8	0	0	0	0	0	**1,074**
Impairments	0	(1,918)	0	0	0	0	0	0	**(1,918)**
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**
At 31 March 2012	**16,286**	**43,027**	**72**	**0**	**2,991**	**435**	**7,268**	**2,637**	**72,716**
Depreciation									
At 1 April 2011	**0**	**3,725**	**10**		**2,524**	**341**	**4,280**	**2,033**	**12,913**
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	(16)	0		0	(3)	0	0	**(19)**
Upward revaluation/positive indexation	0	0	0		0	0	0	0	**0**
Impairments	0	423	0	0	0	0	0	0	**423**
Reversal of Impairments	0	0	0	0	0	0	0	0	**0**
Charged During the Year	0	1,873	2		41	25	668	83	**2,692**
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**0**	**6,005**	**12**	**0**	**2,565**	**363**	**4,948**	**2,116**	**16,009**
Net Book Value at 31 March 2012	**16,286**	**37,022**	**60**	**0**	**426**	**72**	**2,320**	**521**	**56,707**
Purchased	16,286	37,022	60	0	426	72	2,320	521	**56,707**
Donated	0	0	0	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**16,286**	**37,022**	**60**	**0**	**426**	**72**	**2,320**	**521**	**56,707**
Asset financing:									
Owned	16,286	27,584	60	0	426	72	2,320	521	**47,269**
Held on finance lease	0	0	0	0	0	0	0	0	**0**
On-SOFP LIFT contracts	0	9,438	0	0	0	0	0	0	**9,438**
PFI residual: interests	0	0	0	0	0	0	0	0	**0**
At 31 March 2012	**16,286**	**37,022**	**60**	**0**	**426**	**72**	**2,320**	**521**	**56,707**

Note that these figures have been re-stated during 2011-12 to reflect the transfer of equipment assets to The Royal Wolverhampton NHS Trust and Black Country Partnership NHS Foundation Trust under Transforming Community Services. This treatment has been applied using merger accounting.

12.3 Property, plant and equipment

As at 31 March 2013 no assets were classified as 'Held for Sale'.

As noted in the PCT's accounting policies, the estimation technique for the valuation of land and buildings has been adjusted to an MEAV basis from 1st April 2009 onwards. This is compliant with the DoH deadline of 1st April 2010.

Valuations have been provided by the independent District Valuer's office at 31st March 2013. Indexation has therefore not been applied to land and buildings in 2012/13 as up to date valuations have been used at year end.

The effect of these valuations was to decrease the value of land and buildings by £4,906k, (£1,337k 2011-12).
Of this sum, £3,163k relates to Penn hospital which reflects additional expenditure which did not result in an increase in the MEAV of the property.

Economic Lives of Property, Plant and Equipment As At 31 March 2013:

	Min Life (years)	Max Life (years)
Buildings excluding Dwellings	3	99
Dwellings	27	27
Plant & Machinery	3	15
Transport Equipment	7	10
Information Technology	5	10
Furniture and Fittings	5	15

13. Intangible Non-Current Assets

13.1 Intangible non-current assets

2012-13	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**381**	**0**	**0**	**0**	**381**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Additions Leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**381**	**0**	**0**	**0**	**381**
Amortisation						
At 1 April 2012	**0**	**353**	**0**	**0**	**0**	**353**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	17	0	0	0	**17**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2013	**0**	**370**	**0**	**0**	**0**	**370**
Net Book Value at 31 March 2013	**0**	**11**	**0**	**0**	**0**	**11**
Net Book Value at 31 March 2013 comprises						
Purchased	0	11	0	0	0	**11**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2013	**0**	**11**	**0**	**0**	**0**	**11**

Revaluation reserve balance for intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2012	**0**	**0**	**0**	**0**	**0**	**0**
Movements	0	0	0	0	0	**0**
At 31 March 2013	**0**	**0**	**0**	**0**	**0**	**0**

As at 31 March 2013 no assets were classified as 'Held for Sale'.

13.2 Intangible non-current assets

2011-12	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2011	**0**	**381**	**0**	**0**	**0**	**381**
Additions - purchased	0	0	0	0	0	**0**
Additions - internally generated	0	0	0	0	0	**0**
Additions - donated	0	0	0	0	0	**0**
Additions - government granted	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation & indexation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	**0**
In-year transfers to/from NHS bodies	0	0	0	0	0	**0**
At 31 March 2012	**0**	**381**	**0**	**0**	**0**	**381**
Amortisation						
At 1 April 2011	**0**	**339**	**0**	**0**	**0**	**339**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Revaluation or indexation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	14	0	0	0	**14**
In-year transfers to NHS bodies	0	0	0	0	0	**0**
At 31 March 2012	**0**	**353**	**0**	**0**	**0**	**353**
Net Book Value at 31 March 2012	**0**	**28**	**0**	**0**	**0**	**28**
Net Book Value at 31 March 2012 comprises						
Purchased	0	28	0	0	0	**28**
Donated	0	0	0	0	0	**0**
Government Granted	0	0	0	0	0	**0**
Total at 31 March 2012	**0**	**28**	**0**	**0**	**0**	**28**

13.3 Intangible non-current assets

Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Intangible Assets		
Software	5	5

As at 31 March 2013 no assets were classified as 'Held for Sale.

14. Analysis of Impairments and Reversals Recognised in 2012-13

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Property, Plant and Equipment impairments and reversals taken to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	3,074		3,074
Total charged to Annually Managed Expenditure	**3,074**		**3,074**
Property, Plant and Equipment impairments and reversals charged to the revaluation reserve			
Loss or damage resulting from normal operations	0		
Over Specification of Assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	1,691		
Total impairments for PPE charged to reserves	**1,691**		
Total Impairments of Property, Plant and Equipment	**4,765**	**0**	**3,074**
Intangible assets impairments and reversals charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Over-specification of assets	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Intangible Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Over-specification of assets	0		
Abandonment of assets in the course of construction	0		
Unforeseen obsolescence	0		
Loss as a result of catastrophe	0		
Other	0		
Changes in market price	0		
Total impairments for Intangible Assets charged to Reserves	**0**		
Total Impairments of Intangibles	**0**	**0**	**0**
Financial Assets charged to SoCNE			
Loss or damage resulting from normal operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Loss as a result of catastrophe	0		0
Other	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Financial Assets impairments and reversals charged to the Revaluation Reserve			
Loss or damage resulting from normal operations	0		
Loss as a result of catastrophe	0		
Other	0		
TOTAL impairments for Financial Assets charged to reserves	**0**		
Total Impairments of Financial Assets	**0**	**0**	**0**
Non-current assets held for sale - impairments and reversals charged to SoCNE.			
Loss or damage resulting from normal operations	0	0	0
Abandonment of assets in the course of construction	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen obsolescence	0		0
Loss as a result of catastrophe	0		0
Other	0		0
Changes in market price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of non-current assets held for sale	**0**	**0**	**0**

14. Analysis of Impairments and Reversals Recognised in 2012-13 (continued)

	2012-13 Total £000	2012-13 Admin £000	2012-13 Programme £000
Inventories - impairments and reversals charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total impairments of Inventories	**0**	**0**	**0**
Investment Property impairments charged to SoCNE			
Loss or Damage Resulting from Normal Operations	0	0	0
Total charged to Departmental Expenditure Limit	**0**	**0**	**0**
Unforeseen Obsolescence	0		0
Loss as a Result of a Catastrophe	0		0
Other	0		0
Changes in Market Price	0		0
Total charged to Annually Managed Expenditure	**0**		**0**
Total Investment Property impairments charged to SoCNE	**0**	**0**	**0**
Investment Property impairments and reversals charged to the Revaluation Reserve			
Loss or Damage Resulting from Normal Operations	0		
Over Specification of Assets	0		
Abandonment of Assets in the Course of Construction	0		
Unforeseen Obsolescence	0		
Loss as a Result of a Catastrophe	0		
Other	0		
Changes in Market Price	0		
TOTAL impairments for Investment Property charged to Reserves	**0**		
Total Investment Property Impairments	**0**	**0**	**0**

	2012-13 Total £000
Total Impairments charged to Revaluation Reserve	1,691
Total Impairments charged to SoCNE - DEL	0
Total Impairments charged to SoCNE - AME	3,074
Overall Total Impairments	**4,765**
Of which:	
Impairment on revaluation to "modern equivalent asset" basis	**0**
Donated and Government Granted Assets, included above -	
PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL*	0
Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME*	0

Valuations have been provided by the District Valuer's office at 31st March 2013 and resulted in a drop in value for some of the PCT's buildings.
The effect of these valuations was to decrease the value of land and buildings by £4,906k, (£1,337k 2011-12).
Of this sum, £3,163k relates to Penn hospital which reflects additional expenditure which did not result in an increase in the MEAV of the property.

15. Investment Property

The PCT does not hold any investment property.

16. Commitments

16.1 Capital commitments

The PCT does not have any contracted capital commitments at 31 March 2013 not otherwise included in these financial statements.

16.2 Other financial commitments

The PCT has not entered into any non-cancellable contracts.

17. Intra-Government and Other Balances

	Current receivables £000	Non-current receivables £000	Current payables £000	Non-current payables £000
Balances with other Central Government Bodies	82	0	989	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	2,023	0	9,568	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	3,810	0	24,517	31
At 31 March 2013	**5,915**	**0**	**35,074**	**31**
Prior period:				
Balances with other Central Government Bodies	211	0	1,038	55
Balances with Local Authorities	1,196	0	1,036	0
Balances with NHS Trusts and Foundation Trusts	2,944	0	9,718	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	2,336	0	20,312	5
At 31 March 2012	**6,687**	**0**	**32,104**	**60**

18. Inventories

The PCT no longer holds any inventories.

19. Trade and Other Receivables

19.1 Trade and other receivables

	Current		Non-current	
	31 March 2013 £000	31 March 2012 £000	**31 March 2013 £000**	31 March 2012 £000
NHS receivables - revenue	**2,105**	3,155	**0**	0
NHS receivables - capital	**0**	0	**0**	0
NHS prepayments and accrued income	**0**	0	**0**	0
Non-NHS receivables - revenue	**2,760**	2,407	**0**	0
Non-NHS receivables - capital	**0**	0	**0**	0
Non-NHS prepayments and accrued income	**746**	888	**0**	0
Provision for the impairment of receivables	**(30)**	(83)	**0**	0
VAT	**294**	258	**0**	0
Current/non-current part of PFI and other PPP arrangements prepayments and accrued income	**0**	0	**0**	0
Interest receivables	**0**	0	**0**	0
Finance lease receivables	**0**	0	**0**	0
Operating lease receivables	**0**	0	**0**	0
Other receivables	**40**	62	**0**	0
Total	**5,915**	6,687	**0**	0
Total current and non current	**5,915**	6,687		

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

19.2 Receivables past their due date but not impaired

	31 March 2013 £000	31 March 2012 £000
By up to three months	**279**	53
By three to six months	**92**	14
By more than six months	**266**	1
Total	**637**	68

19.3 Provision for impairment of receivables

	2012-13 £000	**2011-12 £000**
Balance at 1 April 2012	**(83)**	(254)
Amount written off during the year	**7**	71
Amount recovered during the year	**57**	199
(Increase)/decrease in receivables impaired	**(11)**	(99)
Balance at 31 March 2013	**(30)**	(83)

A number of receivables are noted by the PCT as impaired however none are of a material value.

No collateral is held against any of these sums.

20. NHS LIFT Investments

	Loan £000	Share capital £000	Total £000
Balance at 1 April 2012	**122**	**0**	**122**
Additions	**0**	**0**	**0**
Disposals	**0**	**0**	**0**
Loan repayments	**(4)**	**0**	**(4)**
Revaluations	**0**	**0**	**0**
Loans repayable within 12 months	**0**	**0**	**0**
Balance at 31 March 2013	**118**	**0**	**118**
Balance at 1 April 2011	129	0	129
Additions	0	0	0
Disposals	0	0	0
Loan repayments	(7)	0	(7)
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
Balance at 31 March 2012	**122**	**0**	**122**

This fixed asset investment relates to shares in the holding company within the PCT's LIFT arrangement. The investment is held in the accounts at cost which management believe to be a fair reflection of fair value at this time. Should the PCT decide to sell these shares an up-to-date valuation will be obtained.

21. Other Financial Assets

21.1 Other financial assets - current

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

21.2 Other financial assets - non current

	31 March 2013 £000	31 March 2012 £000
Opening balance 1 April	**122**	129
Additions	0	0
Revaluation	0	0
Impairments	0	0
Impairment Reversals	0	0
Transferred to current financial assets	0	0
Disposals	(4)	(7)
Transfers (to)/from Other Public Sector Bodies in year	0	0
Total Other Financial Assets - Non Current	**118**	122

21.3 Other financial assets - capital analysis

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

22. Other Current Assets

	31 March 2013 £000	31 March 2012 £000
EU Emissions Trading Scheme Allowance	**0**	0
Other Assets	**0**	0
Total	**0**	0

23. Cash and Cash Equivalents

	31 March 2013 £000	31 March 2012 £000
Opening balance	**5**	(1,552)
Net change in year	**1,025**	1,557
Closing balance	**1,030**	5
Made up of		
Cash with Government Banking Service	**1,030**	2
Commercial banks	**0**	2
Cash in hand	**0**	1
Current investments	**0**	0
Cash and cash equivalents as in statement of financial position	**1,030**	5
Bank overdraft - Government Banking Service	**0**	0
Bank overdraft - Commercial banks	**0**	0
Cash and cash equivalents as in statement of cash flows	**1,030**	5

24. Non-Current Assets Held For Sale

The PCT has no current assets held for sale.

25. Trade and Other Payables

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Interest payable	**0**	0		
NHS payables - revenue	**10,557**	10,656	**0**	0
NHS payables - capital	**0**	0	**0**	0
NHS accruals and deferred income	**0**	86	**0**	0
Family Health Services (FHS) payables	**13,638**	13,491		
Non-NHS payables - revenue	**5,076**	3,251	**27**	55
Non-NHS payables - capital	**273**	1,409	**0**	0
Non-NHS accruals and deferred income	**5,420**	2,967	**0**	0
Social security costs	**0**	110		
VAT	**0**	0	**0**	0
Tax	**0**	122		
Payments received on account	**0**	0	**0**	0
Other	110	12	4	5
Total	**35,074**	32,104	**31**	60
Total payables (current and non-current)	**35,105**	**32,164**		

NHS payables includes £1,140k payable to the Royal Wolverhampton NHS Trust in relation to partially completed spells, (£832k 2011-12)

Of the amounts falling due after more than one year:
- £27k outstanding pensions contributions at 31 March 2013 (£55k at 31 March 2012).
- £4k lease incentive for Horizon House operating lease at 31 March 2013, (£5k at 31 March 2012). Repayments of approximately £1k per ann

26. Other Liabilities

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
LIFT deferred credit	**0**	0	**0**	**0**
Lease incentives	**0**	0	**0**	**0**
Other	**0**	0	**0**	**0**
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

27. Borrowings

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Bank overdraft - Government Banking Service	**0**	0		
Bank overdraft - commercial banks	**0**	0		
LIFT liabilities:				
Main liability	**342**	274	**9,734**	9,909
Lifecycle replacement received in advance	**0**	0	**0**	0
Finance lease liabilities	**0**	0	**0**	0
Other	**0**	0	**0**	247
Total	**342**	**274**	**9,734**	**10,156**
Total other liabilities (current and non-current)	**10,076**	**10,430**		

Borrowings/Loans - Payment of Principal Falling Due in:

	DH	Other	Total
	£000s	**£000s**	**£000s**
0 - 1 Years	0	342	**342**
1 - 2 Years	0	684	**684**
2 - 5 Years	0	1,368	**1,368**
Over 5 Years	0	7,682	**7,682**
TOTAL	**0**	**10,076**	**10,076**

28. Other Financial Liabilities

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Embedded Derivatives at Fair Value through SoCNE	**0**	0	**0**	0
Financial liabilities carried at fair value through SoCNE	**0**	0	**0**	0
Amortised Cost	**0**	0	**0**	0
Total	**0**	0	**0**	0
Total other liabilities (current and non-current)	**0**	**0**		

29. Deferred Income

	Current		Non-current	
	31 March 2013	31 March 2012	**31 March 2013**	31 March 2012
	£000	£000	**£000**	£000
Opening balance at 1 April 2012	**86**	579	**0**	0
Deferred income addition	**168**	86	**0**	0
Transfer of deferred income	**(86)**	(579)	**0**	0
Current deferred income at 31 March 2013	**168**	86	**0**	0
Total other liabilities (current and non-current)	**168**	**86**		

30. Finance Lease Obligations

The PCT does not hold any finance leases with lessors and therefore does not attract any lease obligations to finance leases.
The PCT treats its LIFT schemes as finance leases (on-Statement of Financial Position).

32. Provisions

	Total	Pensions to Former Directors	Legal Claims	Restructuring	Continuing Care	Other	Redundancy
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2012	**5,552**	456	345	266	0	2,525	1,960
Arising During the Year	**4,384**	4	72	0	2,179	1,423	706
Utilised During the Year	**(4,273)**	(47)	(293)	0	0	(1,267)	(2,666)
Reversed Unused	**(471)**	0	(4)	(266)	0	(201)	0
Unwinding of Discount	**13**	9	4	0	0	0	0
Change in Discount Rate	**0**	0	0	0	0	0	0
Transferred (to)/from other Public Sector bodies	**0**	0	0	0	0	0	0
Balance at 31 March 2013	**5,205**	**422**	**124**	**0**	**2,179**	**2,480**	**0**
Expected Timing of Cash Flows:							
No Later than One Year	**4,818**	**35**	**124**	**0**	**2,179**	**2,480**	**0**
Later than One Year and not later than Five Years	**175**	**175**	**0**	**0**	**0**	**0**	**0**
Later than Five Years	**212**	**212**	**0**	**0**	**0**	**0**	**0**

Amount Included in the Provisions of the NHS Litigation Authority in Respect of Clinical Negligence Liabilities:	**£000**
As at 31 March 2013	24
As at 31 March 2012	63

Likely costs and timings have been based upon information received from a range of sources including the NHS Pensions Agency (pensions relating to former directors) and individual case details obtained from the NHS Litigation Authority (legal claims).

The provision for legal claims is an assessment by the PCT's solicitors of the cost of outstanding legal claims against the PCT.
It is anticipated that these claims will be settled within the next year.

The redundancy provision arose as a result of the Health and Social Care Bill which resulted in the dis-establishment of the PCT on 31 March 2013.
The provision has been fully utilised.

The Continuing Care provision relates to retrospective continuing healthcare claims.
Patients are entitled to have their care funded by the NHS if their needs meet the NHS Continuing Healthcare Eligibility Criteria.
If eligibility for funding has been declined, the patient or their representative may submit a request for a review of the decision made by the PCT.
The PCT has assessed the claims received to date and costs are estimated to be £2,179k. In addition, there is a futher £4,047k included as a contingent liability.

Costs associated with the 'Transforming Community Services' agenda have been settled in-year with the exception of £255k relating to Black Country Partnership NHS Foundation Trust. This is due to be settled early in 2013/14.

Other provisions include £1,293k in respect of abortive costs associated with the termination of planned future LIFT schemes. Also included are GP premises grants (£189k), EAPC Land Rectification costs (£47k),
legal fees (£100k), dilapidations (£596k.) It is anticipated that these provisions will be settled within the next 1-5 years.

Included in the note above are provisions for NHSLA member liabilities (£30k). The contingencies note also includes figures arising from this area.

33. Contingencies

	31 March 2013	31 March 2012
	£000	£000
Equal Pay	**0**	0
Other *	**(4,559)**	(138)
Amounts Recoverable Against Contingent Liabilities	**0**	0
Net Value of Contingent Liabilities	**(4,559)**	(138)
Contingent Assets		
Contingent Assets	**547**	372
Net Value of Contingent Assets	**547**	372

*This figure relates to:

i) £17k NHSLA Member Liability

ii) £394k LIFT Abortive Fees. A provision of £1,293k is also included in Note 32 above.

iii) £101k Equitable Access to Primary Care - Land Rectification Costs

iv) £4,047k Continuing Care retrospective claims in addition to those already included as a provision.

34. LIFT - Additional Information

34.1 NHS LIFT schemes off-Statement of Financial Position

The PCT does not have any LIFT schemes that are deemed to be 'Off-Statement of Financial Position'.

34.2 NHS LIFT schemes on-Statement of Financial Position

The PCT has two LIFT schemes that are deemed to be on-Statement of Financial Position. These are the Gem Centre for children and young people and the Phoenix Health Centre which houses a walk-in centre.

The schemes operate under separate lease plus contracts which both have a contract term of 25 years. (Services at the Gem Centre commenced in April 06 and will end in April '31 and at Phoenix Health Centre commenced in December '05 and will cease in January '31).

Annual lease payments are inflated using RPI; lifecycle costs including utilities and maintenance are passed through in full to the PCT.

Under IFRIC 12, the LIFT assets are treated as assets of the PCT and the substance of the contracts is that the organisation has finance leases. Payments comprise two elements; imputed finance lease charges and service charges.

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

	31 March 2013 £000	31 March 2012 £000
Total Charge to Operating Expenses in year - off SOFP LIFT	**0**	0
Service element of on SOFP LIFT charged to operating expenses in year	**275**	274
Total	**275**	274

34.4 Payments committed to in respect of off SOFP LIFT and the service element of on SOFP LIFT

	31 March 2013 £000	31 March 2012 £000
LIFT Scheme Expiry Date:		
No Later than One Year	**256**	275
Later than One Year, No Later than Five Years	**1,659**	1,579
Later than Five Years	**6,582**	6,644
Total	**8,497**	8,498

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

	31 March 2013 £000	31 March 2012 £000
No Later than One Year	**1,115**	1,094
Later than One Year, No Later than Five Years	**4,282**	4,393
Later than Five Years	**13,015**	14,020
Subtotal	**18,412**	19,507
Less: Interest Element	**(8,527)**	(9,324)
Total	**9,885**	10,183

35. Impact of IFRS Treatment - 2012-13

	Total £000	Admin £000	Programme £000
Revenue costs of IFRS: Arrangements reported on SoFP under IFRIC12 (LIFT)			
Depreciation charges	**548**	0	548
Interest Expense	**798**	0	798
Impairment charge - AME	**0**		0
Impairment charge - DEL	**0**	0	0
Other Expenditure	**454**	0	454
Revenue Receivable from subleasing	**0**	0	0
Total IFRS Expenditure (IFRIC12)	**1,800**	**0**	**1,800**
Revenue consequences of LIFT schemes under UK GAAP / ESA95 (net of any sublease income)	**(1,537)**	0	(1,537)
Net IFRS change (IFRIC12)	**263**	**0**	**263**

36. Financial Instruments

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

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

Interest rate risk

PCTs are not permitted to borrow. Also, 100% of the PCT's financial assets and liabilities carry nil or fixed rates of interest. 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. The maximum exposure as at 31st March 2013 is in receivables from customers, as disclosed in the Trade and Other Receivables note.

Liquidity Risk
Most of the PCT's net operating costs are incurred under annual service agreements with local Primary Care Trusts; NHS Trusts and NHS Foundation Trusts or are directly financed from resources voted annually by Parliament. The PCT also largely finances its capital expenditure from funds made available from Government. Wolverhampton City PCT is not therefore exposed to significant liquidity risks.

36.1 Financial Assets	**At 'fair value through profit and loss'**	**Loans and receivables**	**Available for sale**	**Total**
	£000	**£000**	**£000**	**£000**
Embedded derivatives	0			**0**
Receivables - NHS		2,105		**2,105**
Receivables - non-NHS		3,124		**3,124**
Cash at bank and in hand		1,030		**1,030**
Other financial assets	0	0	118	**118**
Total at 31 March 2013	**0**	**6,259**	**118**	**6,377**
Embedded derivatives	0			0
Receivables - NHS		3,155		3,155
Receivables - non-NHS		2,644		2,644
Cash at bank and in hand		5		5
Other financial assets	0	0	122	122
Total at 31 March 2012	0	5,804	122	5,926

36.2 Financial Liabilities	**At 'fair value through profit and loss'**	**Other**	**Total**
	£000	**£000**	**£000**
Embedded derivatives	0		**0**
NHS payables		10,880	**10,880**
Non-NHS payables		24,026	**24,026**
Other borrowings		10,076	**10,076**
PFI & finance lease obligations		0	**0**
Other financial liabilities	0	6	**6**
Total at 31 March 2013	**0**	**44,988**	**44,988**
Embedded derivatives	0		0
NHS payables		10,656	10,656
Non-NHS payables		21,362	21,362
Other borrowings		0	0
PFI & finance lease obligations		10,430	10,430
Other financial liabilities	0	5	5
Total at 31 March 2012	**0**	42,453	42,453

Fair value is the same as carrying amount for all financial assets and liabilities.

37. Related Party Transactions

Wolverhampton City Primary Care Trust is a body corporate established by order of the Secretary of State for Health. During the year the following Board members or members of the key management staff have declared interests with other organisations that have undertaken material transactions with the PCT.

	2012-13	
	Payments to Related Party £000	Receipts from Related Party £000
Dr H Hibbs ; Chief Officer		
Parkfields Wolverhampton Medical Services Ltd (Director)	448	0
Mrs C Skidmore; Chief Financial Officer	1,383	19
Wolverhampton and Walsall LIFTCO. transactions (Director)		
Mr C Crosdale; Board Member		
Wolverhampton Sickle Cell and Thalassaemia Support Project transactions (Chair)	106	0
Ms Helen Ryan; Practice Manager Representative		
Penn Manor Medical Centre (Practice Manager)	1,389	0
Mr A Fox; Consultant Prepresentative		
Shrewsbury and Telford NHS Trust (Consultant Surgeon)	339	0
Dr S Sinha; GP Board Member		
Doctors' on Call (Executive Committee Member)	235	0
Dr J Morgans - GP Board Manager		
Doctors' on Call (Executive Committee (Chair))	235	0
Dr S Handa; GP Board Member		
Doctors' on Call (Joint Company Secretary)	235	0
Dr S Ravindran; GP Board Member		
Virgin Care (GWPWSI)	223	0
Showell Park Health and Walk-in Centre (Organisational Director)	1,083	0
Doctors' on Call (Executive Committee Member)	235	0
Dr K Ahmed; GP Board Member		
Intrahealth Ltd; (Employee and Local Medical Director)	1,589	0

The following General Practitioners were members of the CCG Board during 2012/13. Payments were made to the practices of these GP's in the normal course of their provision of General Medical Services (GMS) or Personal Medical Services (PMS) to the population of Wolverhampton. Payments listed are in relation to the whole practice and therefore do not reflect the remuneration of the individual:

	Practice	2012-13 £000
Dr H Hibbs; Chief Clinical Officer	Parkfields Medical Practice	1,469
Dr D De Rosa; Chair	Dr D De Rosa and Williams	485
Dr A Booshan; GP Member	Penn Manor Medical Centre	1,389
Dr S Handa; GP Member	Dr Passi and Partners	777
Dr J Morgans; GP Member	Dr Morgans and Partners	1,482
Dr J Parkes; GP Member	Dr Luckraft and Partners	1,071
Dr S Ravindran; GP Member	East Park Medical Practice	673
Dr S Sinha; GP Member	Woden Road Surgery	850
Dr M Sidhu; GP Member	Dr Leung and Partners	797
Dr K Ahmed; GP Member	Bilston Urban Village	1,078
	Pennfields Medical Practice	511

Prior year comparators have not been disclosed since the CCG Board was not established until February 2013.

The Department of Health is regarded as a related party. During the year Wolverhampton City 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 listed below:

The Royal Wolverhampton NHS Trust
NHS West Midlands
NHS Birmingham East and North
The Dudley Group of Hospitals NHS Foundation Trust
University Hospital Birmingham NHS Foundation Trust
Walsall Hospitals NHS Trust
West Midlands Ambulance Service NHS Trust
NHS Business Services Authority
Black Country Partnership NHS Foundation Trust

Due to the formation of the Black Country Cluster during 2011/12 the PCT has also had transactions with other PCTs within the Cluster, these being:

Sandwell PCT
Walsall PCT
Dudley PCT

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 Wolverhampton City Council in respect of joint enterprises and HM Revenue and Customs (HMRC).

38. Losses and Special Payments

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

	Total Value of Cases £	Total Number of Cases
Losses - PCT management costs	9,454	27
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
Total losses	9,454	27
Total special payments	0	0
Total losses and special payments	9,454	27

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

	Total Value of Cases £	Total Number of Cases
Losses - PCT management costs	54,304	40
Special payments - PCT management costs	7,677	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
Total losses	54,304	40
Total special payments	7,677	2
Total losses and special payments	61,981	42

Details of cases individually over £250,000

There were no cases where the net payment exceeded £250,000,(2011-12, no cases).
There were no special payments in 2012-13, (2011-12; 2).

39. Third Party Assets

The PCT no longer holds any patients monies since the transfer of its provider arm under Transforming Community Services.

40. Pooled Budgets

Memorandum trading accounts are not available for those pooled budgets hosted by Wolverhampton City Council at the time of the completion of the accounts. This is due to the completion date for Local Authority accounts differing from that of PCT accounts. As the Intermediate Care and ICES Pools have been incorporated into the standard NHS contract a trading account is no longer required. The service is operationally managed by Royal Wolverhampton NHS Trust.

41. Cashflows Relating to Exceptional Items

There were no exceptional items in 2012-13.

42. Events After the End of the Reporting Period

Under the provisions of the Health and Social Care Act 2012, the PCT was dissolved on 1 April 2013.

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

- Health Education England (West Midlands)
- Public Health England
- NHS England (Commissioning Board)
- Trust Development Agency
- NHS Property Services

Subject to any final changes required by the Department of Health, the assets and liabilities of the PCT will be transferred to successor bodies as indicated in the table below. This indicative transfer follows the policies and principles laid out in the *Transfer of Claims, Liabilities and related Financial Assets* Guidance issued by the Department of Health. A copy of this guidance is available by the following link www.info.doh.gov.uk/doh/finman.nsf - the document is in the Handover and Closedown section of the Finance manual.

The ultimate destination of the assets and liabilities shown below will be confirmed following the final review of transfer orders by the Department of Health.

	Balances held by PCT as 31st March 2013	Department of Health	Clinical Commissioning Groups	NHS England	NHS Property Services	Community Health Partnerships
	£000s	£000s	£000s		£000s	£000s
CURRENT ASSETS						
Trade and Other Receivables	**5,915**	480	2,661	8	2,412	354
Cash and Cash Equivalents	**1,030**	1,030	0	0	0	0
TOTAL Current Assets	**6,945**	**1,510**	**2,661**	**8**	**2,412**	**354**
CURRENT LIABILITIES						
Trade and Other Payables	**-35,074**	-724	-18,913	-13,718	-1,629	-90
Provisions	**-4,818**	-380	-2,179	-1,649	-610	0
Borrowings	**-342**	0	0	0	0	-342
Total Current Liabilities	**-40,234**	**-1,104**	**-21,092**	**-15,367**	**-2,239**	**-432**
NET CURRENT ASSETS/(LIABILITIES)	**-33,289**	**406**	**-18,431**	**-15,359**	**173**	**-78**
NON-CURRENT LIABILITIES:						
Trade and Other Payables	**-31**	0	0	-27	-4	0
Provisions	**-387**	0	0	-387	0	0
Borrowings	**-9,734**	0	0	0	0	-9,734
ASSETS LESS LIABILITIES (Total Assets Employed)	**-43,441**	**406**	**-18,431**	**-15,773**	**169**	**-9,812**