



Department
of Health



Bath and North East Somerset Primary Care Trust

2012-13 Annual Report and Accounts

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Bath and North East Somerset Primary Care Trust

2012-13 Annual Report



*Bath and
North East Somerset*

ANNUAL REPORT

2012-2013

Chief Executive's Statement

This financial year has seen the enactment of all the requirements of the Health and Social Care Bill 2012. NHS Wiltshire and NHS Bath & North East Somerset conducted their business this year under the difficult arrangement of what is called a "Cluster" between the Boards of Bath and North East Somerset PCT and Wiltshire PCT. The structure for this arrangement finally came into place in April 2012, so that in the final year of existence, both PCTs were served by one Executive team serving two Boards with mainly common membership under the Chairmanship of Tony Barron. We had the privilege of leadership from Ed Macalister-Smith, who served as Interim Chief Executive Officer until his retirement from the service in October 2012. I'd like to take this opportunity to thank sincerely, Ed, for his energy, support and enthusiasm as the PCT cluster undertook existing PCT duties in preparation for the structured closure of the Primary Care Trusts on 31 March 2013.

I have served as Interim Chief Executive and Accountable Officer to the PCT cluster since Ed's retirement and I wish to record my sincere thanks to the entire Executive Team for their unswerving professionalism and the support they have shown to me through what has been a very difficult period for the entire health service. We have been working very hard to set up the mechanisms to transfer the commissioning activity to our GP colleagues.

The new Cluster Board has provided diligent leadership, support and challenge, as we shape new structures for managing the NHS. GPs are stepping forward to take on the responsibility of running the health system, and balancing new ways of working with their clinical practice.

During 2012/13 NHS Wiltshire and NHS Bath and North East Somerset, working as a Cluster, has assisted Wiltshire Clinical Commissioning Group and Bath and North East Somerset Clinical Commissioning Group to obtain authorisation to undertake commissioning duties, and responsibilities and assets were signed over to the respective CCGs on 1st April 2013. Both CCGs are resolved to demonstrate a continued focus on outcomes that show the effectiveness and the safety of services and the quality of experience undergone by patients.

The Cluster ensured that appropriate support services are in place through local commissioning support and specialist arrangements such as SBS Primary Care, to underpin and support the work of the CCGs. In addition, the Cluster has ensured that arrangements are in place to transfer commissioning responsibilities to NHS England.

Our key partners in local government have actively engaged with the NHS, and have been establishing their own new roles through the emerging Health and Wellbeing Boards and also through hosting the Public Health and Emergency Planning functions which have served our communities well. The completion of a comprehensive transition plan, outlining the change process for the transfer of staff and activities from

Primary Care Trusts to local authorities, was successfully conducted via an equivalent TUPE transfer on 31 March 2013; however, the transfer of operational and management responsibility occurred three months earlier, in December 2012.

Our final year has been successful in both financial and performance terms whilst we continued the delivery of the government agenda to help GPs to build and develop their organisation. Both Wiltshire and Bath & North East Somerset PCTs achieved their control total budgets. Despite all the system reform work, ensuring high quality care and services remained our top priority and featured as the major part of our committee agendas. Our local NHS partners continue to provide high quality care despite the challenge the NHS generally has of managing higher and more expensive demands on its services, with funding which is essentially flat.

I thank the staff of the PCT for their continued professionalism and dedication to public service; it is their drive, passion and commitment which enabled the PCT cluster to deliver quality services within budget for the people of Wiltshire and for Bath & North East Somerset.

Jennifer Howells

Interim Chief Executive

NHS Wiltshire and NHS Bath & North East Somerset

NHS Bath and North East Somerset Board Committee Structure

The PCT's Board Committee structure has been in place since April 2007. Following the formation of the shadow Clinical Commissioning Group (CCG) in April 2012, a new Clinical Commissioning Committee (CCC) was created to replace the PCT Commissioning Committee. The CCC is chaired by the Designate Chair of the CCG.

The Committee Structure that was in place throughout 2012/13 is shown at the end of this section.

Board membership comprises:

Voting Members (*unless otherwise stated*):

| Name | Role | Committee Membership | Declaration of Interest |
|---|---|--|---|
| Tony Barron | PCT Chair | <ul style="list-style-type: none"> Board | Nil |
| Ed Macalister-Smith <i>(left the PCT October 2012)</i> | Chief Executive | <ul style="list-style-type: none"> Board Clinical Commissioning Committee (B&NES CCG) | Chair of Local, Education and Training Board (LETB) for NHS South Central Associate to Maguire Izatt Consulting |
| Jennifer Howells | Director of Finance & Deputy Chief Executive <i>(until October 2012)</i> Interim Chief Executive <i>(from October 2012)</i> | <ul style="list-style-type: none"> Board Audit & Assurance Committee Clinical Commissioning Committee (B&NES CCG) | Treasurer of Wootton Bassett Amateur Swimming Club Close family member leads a business unit for AWP that provides services to NHS Wiltshire |
| Pamela Ackerman <i>(left the PCT in May 2012)</i> | Director of Public Health | <ul style="list-style-type: none"> Board Audit and Assurance Committee Clinical Commissioning Committee (B&NES CCG) | Nil |
| Christina Button | Director of Commissioning Development | <ul style="list-style-type: none"> Board Clinical Commissioning Committee (B&NES CCG) | Nil |

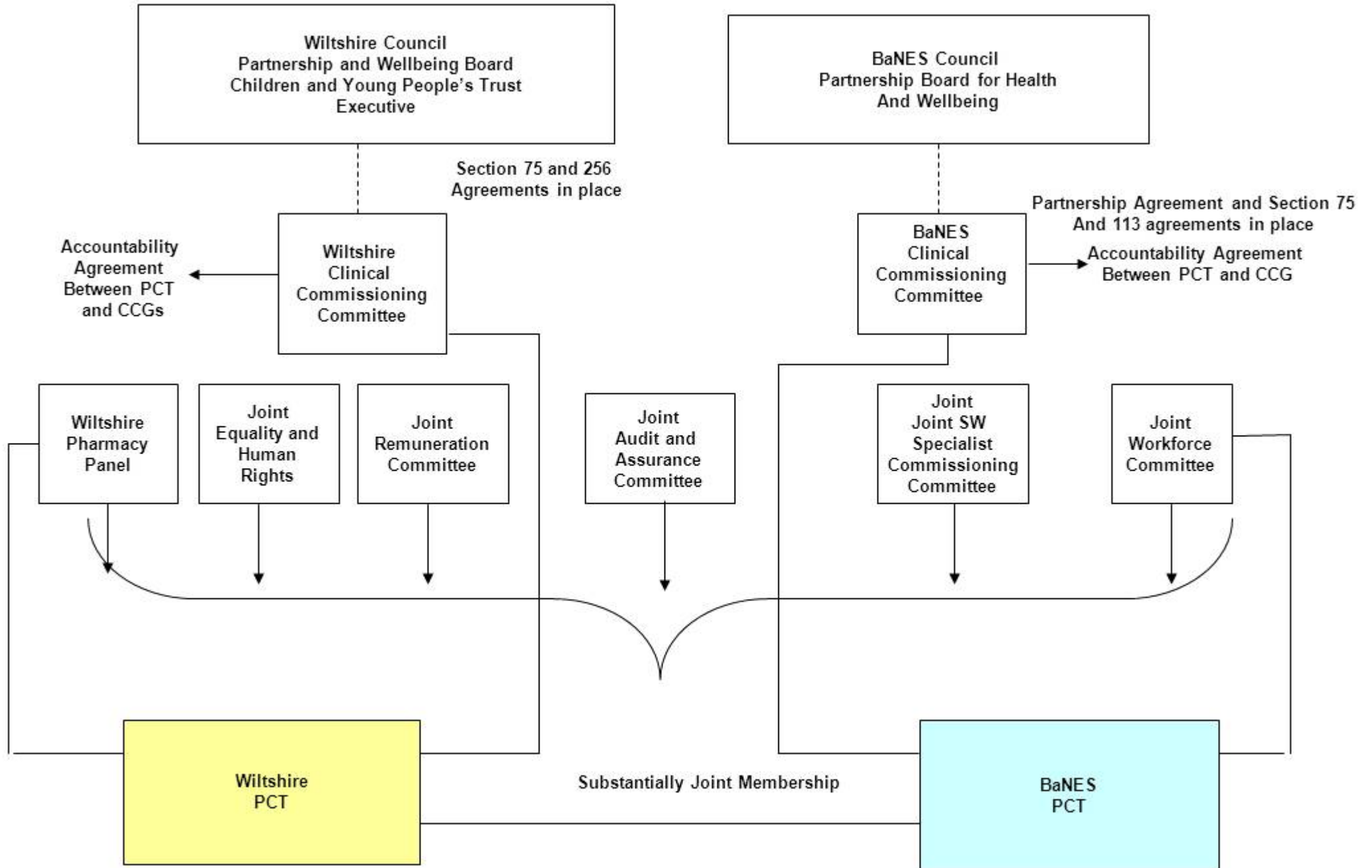
| | | | |
|-------------------|--|---|---|
| Dr Simon Douglass | Designate Chief Operating Officer, B&NES CCG | <ul style="list-style-type: none"> • Board (non-voting) • Clinical Commissioning Committee (B&NES CCG) | Member of Assura Minerva & Senior Partner of Hope House Surgery, Radstock |
| John Holden | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee • Clinical Commissioning Committee (B&NES CCG w.e.f. October 2012) • Remuneration Committee | Nil |
| David Loosley | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee | <p>Director of Marine Management Holdings Ltd</p> <p>Chief Executive and Secretary of the Institute of Marine Engineering, Science and Technology</p> |
| Peter Lucas | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee • Remuneration Committee • Workforce Committee • | Nil |
| Mary Monnington | Director of Nursing and Patient Safety | <ul style="list-style-type: none"> • Board • Audit and Assurance Committee • Clinical Commissioning Committee (B&NES CCG) | Nil |
| Dr Ian Orpen | Designate Chair, B&NES CCG | <ul style="list-style-type: none"> • Board (non-voting) • Clinical Commissioning Committee (B&NES CCG) | <p>Member of Assura Minerva (part of Virgin Health – practice is a shareholder)</p> <p>GP Partner providing NHS services under PMS Contract</p> |

| | | | |
|--------------------------------------|---|---|---|
| Christine Reid | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee • Remuneration Committee • Workforce Committee | Nil |
| Dr Stephen Rowlands | Joint Medical Director | <ul style="list-style-type: none"> • Board | Practice member of GP practice which is in an LLP with Assura Medical (part of Virgin Health) |
| Paul Scott (<i>w.e.f May 2012</i>) | Acting Director of Public Health | <ul style="list-style-type: none"> • Board • Clinical Commissioning Committee (B&NES CCG) | Joint Director with B&NES Council |
| David Smith | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee • Remuneration Committee • Workforce Committee | Trustee, St John's Hospital, Bath Trustee, Bath Municipal Charities |
| David Stevens | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee • Remuneration Committee • Workforce Committee | Governor Great Western Hospital Foundation Trust |
| Suzanne Tewkesbury | Director of HR, Communications and Corp Affairs | <ul style="list-style-type: none"> • Board • Audit and Assurance Committee • Clinical Commissioning Committee (B&NES CCG) • Workforce Committee | Nil |
| Dominic Tkaczyk | Interim Director of Finance | <ul style="list-style-type: none"> • Board • Audit & Assurance Committee | Nil |

| | | | |
|-----------------|------------------------|--|---|
| Richard Wharton | Joint Medical Director | <ul style="list-style-type: none"> • Board • Clinical Commissioning Committee (B&NES CCG) | Partner at Newbridge Surgery & Shareholder of Assura Minerva Chair, Sophie Cameron Trust Trustee, Bath GP Education & Research Trust, Trustee, Anne Hill Trust |
| Lis Woods | Non-Executive Director | <ul style="list-style-type: none"> • Board • Audit and Assurance Committee • Remuneration Committee | Nil |

Each director declares annually that as far as he/she is aware, there is no relevant audit information of which the NHS body's auditors are unaware and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the NHS body's auditors are aware of that information.

Board Committee Structure Chart 2012/2013



23 May 2013

Remuneration Report - Salaries and Pensions 2012-13

| Title | Initials | Forename | Surname | Position Title (NHS B&NES & NHS WILTSHIRE cluster role unless otherwise stated) | 2012-13 | | | | | | |
|---------------------------------|----------|-----------|------------------|---|------------------------|----------------------|---|--|---|----------------------------------|---|
| | | | | | Start Date for 2012/13 | End Date for 2012/13 | Salary (total across cluster where applicable, bands of £5,000) | Start Date as cluster executive, where applicable (if full year, 01/04/2012) | Salary (Cost to B&NES PCT, bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in kind (Rounded to the nearest £00) |
| Chairman & Directors | | | | | | | £000 | | £000 | £000 | £00 |
| Mr | A | Tony | Barron | Chairman | 01/04/2012 | 31/03/2013 | 35-40 | 01/04/2012 | 15-20 | | |
| Mr | E | Edward | Macalister-Smith | Chief Executive | 01/04/2012 | 31/10/2012 | 95-100 | 01/04/2012 | 30-35 | | |
| Mrs | J M | Jennifer | Barker | Cluster QIPP Programme Director | 01/04/2012 | 30/09/2012 | 35-40 | 01/04/2012 | 15-20 | | |
| Ms | J | Jennifer | Howells | Director of Finance (1/4/2012-31/10/2012) Interim Chief Executive (1/11/2012-31/3/2013) | 01/04/2012 | 31/03/2013 | 120-125 | 01/04/2012 | 45-50 | | |
| Mr | D | Dominic | Tkaczyk | Interim Director of Operational Finance* Interim Director of Finance* | 14/09/2012 | 31/10/2012 | 100-105 | 14/09/2012 | 40-45 | | |
| | | | | | 01/11/2012 | 31/03/2013 | 100-105 | 14/09/2012 | 40-45 | | |
| Mrs | S | Suzanne | Tewkesbury | Director of HR, Communications & Corporate Affairs (1/4/2012-31/10/2012) Interim Deputy Chief Executive (1/11/2012-31/3/2013) | 01/04/2012 | 31/03/2013 | 90-95 | 01/04/2012 | 35-40 | | |
| Dr | S | Stephen | Rowlands | Joint Medical Director | 01/04/2012 | 31/05/2012 | 5-10 | 01/04/2012 | 0-5 | | |
| Dr | P D | Peter | Jenkins | Joint Medical Director | 01/06/2012 | 31/03/2013 | 35-40 | 01/06/2012 | 10-15 | | |
| Dr | R | Richard | Wharton | Joint Medical Director | 01/04/2012 | 31/03/2013 | 50-55 | 01/04/2012 | 20-25 | | |
| Mrs | M | Mary | Monnington | Director of Nursing and Patient Safety | 01/04/2012 | 31/03/2013 | 100-105 | 01/04/2012 | 40-45 | | |
| Mrs | C | Christina | Button | Director of Commissioning Development | 01/04/2012 | 31/03/2013 | 90-95 | 01/04/2012 | 35-40 | | |
| Dr | P | Pamela | Akerman | Director of Public Health, NHS B&NES | 01/04/2012 | 31/05/2012 | 15-20 | 01/04/2012 | 15-20 | | |
| Mr | PJT | Paul | Scott | Director of Public Health, NHS B&NES | 01/06/2012 | 31/03/2013 | 65-70 | 01/06/2012 | 65-70 | | |

| Start Date for 2011/12 | End Date for 2011/12 | 2011-12 | | |
|------------------------|----------------------|--------------------------|----------------------------------|---|
| | | Salary (bands of £5,000) | Bonus Payments (bands of £5,000) | Benefits in kind (Rounded to the nearest £00) |
| | | £000 | £000 | £00 |
| 01/04/2011 | 31/03/2012 | 35-40 | | |
| 01/01/2012 | 31/03/2012 | 35-40 | | |
| 01/04/2011 | 31/05/2011 | 10-15 | | |
| 01/04/2011 | 31/03/2012 | 110-115 | | |
| n/a | n/a | n/a | | |
| 01/04/2011 | 31/03/2012 | 85-90 | | |
| 01/04/2011 | 31/03/2012 | 30-35 | | |
| n/a | n/a | n/a | | |
| 10/10/2011 | 31/03/2012 | 15-20 | | |
| 01/08/2011 | 31/03/2012 | 65-70 | | |
| 03/10/2011 | 31/03/2012 | 45-50 | | |
| 01/04/2011 | 31/03/2012 | 100-105 | | |
| n/a | n/a | n/a | | |

| Non-Executive Members | | | | | | | | | | | |
|-----------------------|---|-----------|---------|----------------------|------------|------------|-------|------------|------|--|--|
| Mr | J | John | Holden | Non-Executive Member | 01/04/2012 | 31/03/2013 | 10-15 | 01/04/2012 | 5-10 | | |
| Ms | C | Christine | Reid | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |
| Mr | D | David | Stevens | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |
| Ms | E | Elisabeth | Woods | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |
| Mr | P | Peter | Lucas | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |
| Mr | D | David | Loosley | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |
| Mr | D | David | Smith | Non-Executive Member | 01/04/2012 | 31/03/2013 | 5-10 | 01/04/2012 | 0-5 | | |

| | | | | |
|------------|------------|-------|--|--|
| 01/04/2011 | 31/03/2012 | 10-15 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |
| 01/04/2011 | 31/03/2012 | 5-10 | | |

Pension Benefits

| Title | Initials | Forename | Surname | Position Title | Real increase in pension at age 60 (bands of £2,500) | Real Increase in Lump Sum at age 60 (bands of £2,500) | Total accrued pension at age 60 at 31 March 2013 (bands of £5,000)* | Lump sum at age 60 related to accrued pension at 31 March 2013 (bands of £5,000)* | Cash Equivalent Transfer Value at 31 March 2013 | Cash Equivalent Transfer Value at 31 March 2012 | Real increase in Cash Equivalent Transfer Value | Employer's contributions to stakeholder pension |
|-------|----------|-----------|------------------|---|--|---|---|---|---|---|---|---|
| Mr | E | Edward | Macalister-Smith | Chief Executive | (0-2.5) | (0-2.5) | 55-60 | 175-180 | 0 | 1,328 | n/a | |
| Mrs | J M | Jennifer | Barker | Cluster QIPP Programme Director | (0-2.5) | (2.5-5.0) | 30-35 | 100-105 | 0 | 623 | n/a | |
| Ms | J | Jennifer | Howells | Director of Finance (1/4/2012-31/10/2012) Interim Chief Executive (1/11/2012-31/3/2013) | 0-2.5 | 0-2.5 | 15-20 | 25-30 | 212 | 178 | 25 | |
| Mrs | S | Suzanne | Tewkesbury | Director of HR, Communications & Corporate Affairs (1/4/2012-31/10/2012) Interim Deputy Chief Executive (1/11/2012-31/3/2013) | 0-2.5 | 2.5-5.0 | 15-20 | 55-60 | 329 | 288 | 26 | |
| Dr | S | Stephen | Rowlands | Joint Medical Director | 0-2.5 | 5.0-7.5 | 65-70 | 195-200 | 1,541 | 1,386 | 83 | |
| Mrs | M | Mary | Monnington | Director of Nursing and Patient Safety | (0-2.5) | (2.5-5.0) | 45-50 | 140-145 | 0 | n/a | n/a | |
| Mrs | C | Christina | Button | Director of Commissioning Development | 0-2.5 | 0-2.5 | 15-20 | 50-55 | 252 | 222 | 19 | |
| Dr | P | Pamela | Akerman | Director of Public Health, NHS B&NES | 0-2.5 | (0-2.5) | 45-50 | 75-80 | 928 | 921 | 3 | |
| Mr | PJT | Paul | Scott | Director of Public Health, NHS B&NES | n/a | n/a | 10-15 | 35-40 | 182 | n/a | n/a | |

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

The banded remuneration of the highest paid director in B&NES PCT in the financial year 2012-13 was £105k-£110k (2011-12 £100k-£105k). This was 4.17 times (2011-12 4.35 times) the median remuneration of the workforce which was £25,766 (2011-12 £23,589)

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.

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

The remuneration for the Non-Executive Directors is for their JOINT Cluster PCT roles.

* Invoices for Dominic Tkaczyk's services are paid to Foxwell Associates
There were no 'off payroll engagements'

Looking after our staff

Over the course of 2012/13 we have undertaken an unprecedented number of large scale changes as part of the government's NHS reform agenda, "which has meant that the organisation's staffing structures and staffing numbers have changed substantially during the period.

During the transition, we have continued to focus on improving our attendance levels and have maintained our low sickness absence rates, with the average number of days recorded being 6.3% (per FTE).

Accountable Officer: Jennifer Howells, Interim Chief Executive

Organisation: Bath and North East Somerset (B&NES) Primary Care Trust

Signature:

A handwritten signature in black ink that reads "J Howells". The signature is written in a cursive style with a large, looping initial "J".

Date: 5th June 2013

Statement of Financial Position as at 31st March 2013

| | 2012/13 | 2011/12 |
|---|-----------------|----------|
| | £000 | £000 |
| Non-current assets: | | |
| Property, plant and equipment | 23,317 | 24,985 |
| Trade and other receivables | 0 | 28 |
| Total non-current assets | 23,317 | 25,013 |
| Current assets: | | |
| Inventories | 0 | 1 |
| Trade and other receivables | 948 | 4,464 |
| Cash and cash equivalents | 6 | 6 |
| | 954 | 4,471 |
| Total current assets | 954 | 4,471 |
| Total assets | 24,271 | 29,484 |
| Current liabilities | | |
| Trade and other payables | (12,814) | (12,562) |
| Provisions | (1,290) | (454) |
| Total current liabilities | (14,104) | (13,106) |
| Non-current assets plus/less net current assets/liabilities 10,167 | | 16,468 |
| Non-current liabilities | | |
| Provisions | (202) | (205) |
| Total non-current liabilities | (202) | (205) |
| Total Assets Employed: | 9,965 | 16,263 |
| FINANCED BY: | | |
| TAXPAYERS' EQUITY | | |
| General fund | 7,703 | 13,854 |
| Revaluation reserve | 2,262 | 2,409 |
| Total Taxpayers' Equity: | 9,965 | 16,263 |

Statement of Cash Flows for the year ended 31st March 2013

| | 2012/13 | 2011/12 |
|---|-------------------|-----------|
| | £000 | £000 |
| Cashflow from operating activities | | |
| Net operating cost before interest | (302,931)) | (285,696) |
| Other cash flow adjustments | 3,378 | 2,151 |
| Movements in Working Capital | 3,871 | (900) |
| Provisions utilised | (95) | (1,056) |
| Net cash outflow from operating activities | (295,777) | (285,501) |
| Cash flows from investing activities | | |
| Payments to purchase property, plant and equipment | (1,138) | (1,112) |
| Proceeds of disposal of assets held for sale | 135 | 400 |
| Interest Received | 0 | 0 |
| Net cash (outflow) from investing activities | (1,003) | (712) |
| Net cash (outflow) before financing | (296,780) | (286,213) |
| Cash flows from financing activities | | |
| Net Parliamentary Funding | 296,780 | 286,213 |
| Net cash inflow from financing | 296,780 | 286,213 |
| Net increase/(decrease) in cash and cash equivalents 0 | | 0 |
| Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year | 6 | 6 |
| Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year | 6 | 6 |

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

| 2012/13 | | 2011/12 |
|---|-----------------------|----------------|
| £000 | | £000 |
| Administration Costs and Programme Expenditure | | |
| Gross employee benefits | 5,684 | 17,226 |
| Other costs | 307,508 | 281,857 |
| Income | (10,261) | (13,387) |
| Net operating costs for the financial year | <u>302,931</u> | <u>285,696</u> |
| Of which: | | |
| Administration Costs | | |
| Gross employee benefits | 5,124 | 3,993 |
| Other costs | 3,197 | 4,523 |
| Income | (2,268) | (2,236) |
| Net administration costs before interest | <u>6,053</u> | <u>6,280</u> |
| Net administration costs for the financial year | <u>6,053</u> | <u>6,280</u> |
| Programme Expenditure | | |
| Gross employee benefits | 560 | 13,233 |
| Other costs | 304,311 | 277,334 |
| Income | (7,993) | (11,151) |
| Net programme expenditure before interest | <u>296,878</u> | <u>279,416</u> |
| Net programme expenditure for the financial year | <u>296,878</u> | <u>279,416</u> |
| Other Comprehensive Net Expenditure | | |
| Impairments and reversals put to Revaluation Reserve | 244 | 655 |
| Net (gain) on revaluation of property, plant & equipment | (227) | 0 |
| Release of Reserves to Statement of Comprehensive Net Expenditure | 130 | 0 |
| Total comprehensive net expenditure for the year | <u>303,078</u> | <u>286,351</u> |

Better Payment Practice Code – Measure of Compliance

The Better Payment Practice Code requires the PCT to pay 95% of all valid invoices by the due date or within 30 days of receipt, whichever is the later

| | 2012/13 | 2012/13 | 2011/12 | 2011/12 |
|--|----------------|----------------|----------------|----------------|
| | Number | £000 | Number | £000 |
| Non-NHS Creditors | | | | |
| Total bills paid in the year | 7,816 | 92,405 | 9,612 | 67,605 |
| | 7,202 | 88,024 | 9,215 | 66,575 |
| Total bills paid within target | | | | |
| | 92.14% | 95.26% | 95.87% | 98.48% |
| Percentage of bills paid within target | | | | |
| NHS Creditors | | | | |
| Total bills paid in the year | 2,843 | 178,141 | 2,286 | 166,434 |
| Total bills paid within target | 2,567 | 177,298 | 2,062 | 164,327 |
| Percentage of bills paid within target | 90.29% | 99.53% | 90.20% | 98.73% |

The PCT is signed up to the Prompt Payment Code.

Please note that the NHS B&NES Annual Governance Statement is included within the full set of Annual Accounts, copies of which can be obtained from:

Bath, Gloucestershire, Swindon and Wiltshire Area Team
NHS England
1st Floor, Bewley House
Marshfield Road
Chippenham
Wiltshire
SN15 1JW

The fee paid to *UDQW 7KRUQWRQ for their external audit work undertaken during 2012/2013 was £72,241.20



Department
of Health



Bath and North East Somerset Primary Care Trust

2012-13 Accounts

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Bath and North East Somerset Primary Care Trust

2012-13 Accounts

Foreword to the Accounts

NHS Bath & North East Somerset

These accounts for the year ended 31 March 2013 have been prepared under s98(2) of the National Health Service Act 1977 in the form which the Secretary of State has, with the approval of the Treasury, directed.

NHS Bath & North East Somerset PCT was dissolved on 1 April 2013.

The PCT's functions, assets and liabilities will transfer to other public sector entities as outlined in Note 42. The Department of Health established a Transition Programme to deliver the changes proposed in the Health & Social Care Act 2012, within which the Finance Transition Programme was responsible for making arrangements for the closedown of NHS organisations and for managing the clearance of outstanding balances as at 31 March 2013.

**INDEPENDENT AUDITOR'S REPORT TO THE DEPARTMENT OF HEALTH'S
ACCOUNTING OFFICER IN RESPECT OF BATH AND NORTH EAST
SOMERSET PRIMARY CARE TRUST (PCT)**

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

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

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

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

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

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

Scope of the audit of the financial statements

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

apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on regularity

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

In our opinion:

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Other matters on which we are required to conclude

We are required under Section 5 of the Audit Commission Act 1998 to satisfy

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

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

- our review of the annual governance statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work on the transition to new commissioning arrangements.

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

Certificate

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



Stephen G Malyn
Senior Statutory Auditor, for and on behalf of Grant Thornton UK LLP

Hartwell House, 55-61 Victoria Street, Bristol BS1 6FT

5th June 2013

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.....*J. Howells*.....Designated Signing Officer

Name:*J. Howells*.....

Date.....*5th June 2013*.....

STATEMENT OF RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

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

By order of the Permanent Secretary.

5th June 2013 Date  Signing Officer

5th June 2013 Date  Finance Signing Officer

**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 | 5,684 | 17,226 |
| Other costs | 5.1 | 307,508 | 281,857 |
| Income | 4 | (10,261) | (13,387) |
| Net operating costs before interest | | 302,931 | 285,696 |
| Investment income | 9 | 0 | 0 |
| Other (Gains)/Losses | 10 | 0 | 0 |
| Finance costs | 11 | 0 | 0 |
| Net operating costs for the financial year | | 302,931 | 285,696 |
| 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 | | 302,931 | 285,696 |
| Of which: | | | |
| Administration Costs | | | |
| Gross employee benefits | 7.1 | 5,124 | 3,993 |
| Other costs | 5.1 | 3,197 | 4,523 |
| Income | 4 | (2,268) | (2,236) |
| Net administration costs before interest | | 6,053 | 6,280 |
| Investment income | 9 | 0 | 0 |
| Other (Gains)/Losses | 10 | 0 | 0 |
| Finance costs | 11 | 0 | 0 |
| Net administration costs for the financial year | | 6,053 | 6,280 |
| Programme Expenditure | | | |
| Gross employee benefits | 7.1 | 560 | 13,233 |
| Other costs | 5.1 | 304,311 | 277,334 |
| Income | 4 | (7,993) | (11,151) |
| Net programme expenditure before interest | | 296,878 | 279,416 |
| Investment income | 9 | 0 | 0 |
| Other (Gains)/Losses | 10 | 0 | 0 |
| Finance costs | 11 | 0 | 0 |
| Net programme expenditure for the financial year | | 296,878 | 279,416 |
| Other Comprehensive Net Expenditure | | | |
| | | 2012-13 £000 | 2011-12 £000 |
| Impairments and reversals put to the Revaluation Reserve | | 244 | 655 |
| Net (gain) on revaluation of property, plant & equipment | | (227) | 0 |
| 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 | | 130 | |
| 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 | | 303,078 | 286,351 |

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

| | | 31 March 2013 | 31 March 2012 |
|--|------|-----------------|-----------------|
| | NOTE | £000 | £000 |
| Non-current assets: | | | |
| Property, plant and equipment | 12 | 23,317 | 24,985 |
| Intangible assets | 13 | 0 | 0 |
| Investment property | 15 | 0 | 0 |
| Other financial assets | 21 | 0 | 0 |
| Trade and other receivables | 19 | 0 | 28 |
| Total non-current assets | | 23,317 | 25,013 |
| Current assets: | | | |
| Inventories | 18 | 0 | 1 |
| Trade and other receivables | 19 | 948 | 4,464 |
| Other financial assets | 21 | 0 | 0 |
| Other current assets | 22 | 0 | 0 |
| Cash and cash equivalents | 23 | 6 | 6 |
| Sub Total current assets | | 954 | 4,471 |
| Non-current assets held for sale | 24 | 0 | 0 |
| Total current assets | | 954 | 4,471 |
| Total assets | | 24,271 | 29,484 |
| Current liabilities | | | |
| Trade and other payables | 25 | (12,814) | (12,562) |
| Other liabilities | 26 | 0 | 0 |
| Provisions | 32 | (1,290) | (454) |
| Borrowings | 27 | 0 | 0 |
| Other financial liabilities | 28 | 0 | 0 |
| Total current liabilities | | (14,104) | (13,016) |
| Non-current assets plus/less net current assets/liabilities | | 10,167 | 16,468 |
| Non-current liabilities | | | |
| Trade and other payables | 25 | 0 | 0 |
| Other Liabilities | 26 | 0 | 0 |
| Provisions | 32 | (202) | (205) |
| Borrowings | 27 | 0 | 0 |
| Other financial liabilities | 28 | 0 | 0 |
| Total non-current liabilities | | (202) | (205) |
| Total Assets Employed: | | 9,965 | 16,263 |
| Financed by taxpayers' equity: | | | |
| General fund | | 7,703 | 13,854 |
| Revaluation reserve | | 2,262 | 2,409 |
| Other reserves | | 0 | 0 |
| Total taxpayers' equity: | | 9,965 | 16,263 |

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

The financial statements on pages 1 to 36 were approved by the Audit & Assurance Committee with the delegated authority of the PCT Board on 5 June 2013 and signed on its behalf by :

Chief Executive:
Jennifer Howells

Date: 5th June 2013

**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 | 13,854 | 2,409 | 0 | 16,263 |
| Changes in taxpayers' equity for 2012-13 | | | | |
| Net operating cost for the year | (302,931) | 0 | 0 | (302,931) |
| Net gain on revaluation of property, plant and equipment | 0 | 227 | 0 | 227 |
| Impairments and reversals | 0 | (244) | 0 | (244) |
| Release of Reserves to SOCNE | 0 | (130) | 0 | (130) |
| Reclassification Adjustments | | | | |
| Total recognised income and expense for 2012-13 | (302,931) | (147) | 0 | (303,078) |
| Net Parliamentary funding | 296,780 | | | 296,780 |
| Balance at 31 March 2013 | 7,703 | 2,262 | 0 | 9,965 |
| | | | | |
| Balance at 1 April 2011 | 13337 | 3064 | 0 | 16,401 |
| Changes in taxpayers' equity for 2011-12 | | | | |
| Net operating cost for the year | (285,696) | 0 | 0 | (285,696) |
| Impairments and Reversals | 0 | (655) | 0 | (655) |
| Total recognised income and expense for 2011-12 | (285,696) | (655) | 0 | (286,351) |
| Net Parliamentary funding | 286,213 | 0 | 0 | 286,213 |
| Balance at 31 March 2012 | 13,854 | 2,409 | 0 | 16,263 |

**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 | | (302,931) | (285,696) |
| Depreciation and Amortisation | | 1,015 | 989 |
| Impairments and Reversals | | 1,434 | 1,156 |
| (Increase)/Decrease in Inventories | | 1 | 0 |
| (Increase)/Decrease in Trade and Other Receivables | | 3,544 | (1,826) |
| Increase/(Decrease) in Trade and Other Payables | | 327 | 926 |
| Provisions Utilised | | (95) | (1,056) |
| Increase/(Decrease) in Provisions | | 928 | 6 |
| Net Cash Inflow/(Outflow) from Operating Activities | | (295,777) | (285,501) |
| Cash Flows from investing activities | | | |
| (Payments) for Property, Plant and Equipment | | (1,138) | (1,112) |
| Proceeds of disposal of assets held for sale (PPE) | | 135 | 400 |
| Net Cash Inflow/(Outflow) from Investing Activities | | (1,003) | (712) |
| Net cash Inflow/(Outflow) before financing | | (296,780) | (286,213) |
| Cash Flows from financing activities | | | |
| Net Parliamentary Funding | | 296,780 | 286,213 |
| Net Cash Inflow/(Outflow) from Financing Activities | | 296,780 | 286,213 |
| Net increase/(decrease) in cash and cash equivalents | | 0 | 0 |
| Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period | | 6 | 6 |
| 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 | | 6 | 6 |

1. Accounting policies

Under the provisions of *The Health and Social Care Act 2012 (Commencement No.4. Transitional, Savings and Transitory Provisions) Order 2013*, NHS Bath & North East Somerset PCT was dissolved on 1 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 Statement of Financial Position 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*.

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

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

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

1.1 Accounting Conventions

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

Acquisitions and Discontinued Operations

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

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 :

- the leases awarded to the Social Enterprise - Sirona Care & Health CIC - were Operating Leases.
- the Provision for Continuing Health Care was based on assumptions detailed in Note 32.

Key sources of estimation uncertainty

There are no 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. Accounting policies (continued)

1.2 Revenue and Funding

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

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

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

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

1.3 Care Trust Designation

Not Applicable to NHS Bath & North East Somerset PCT.

1.4 Pooled budgets

The PCT has entered into a pooled budget with Bath & North East Somerset Council. Under the arrangement funds are pooled under S75 of the NHS Act 2006 for Adult Learning Difficulties, Drug Action Teams, Community Equipment and Children & Young People with Multiple and Complex Needs. A memorandum note to the accounts (Note 40) provides details of the joint income and expenditure.

The pool is hosted by Bath & North East Somerset Council. As a commissioner of healthcare services, the Primary Care Trust makes contributions to the pool, which are then used to purchase healthcare services. The Primary Care Trust accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

1.5 Taxation

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

1.6 Administration and Programme Costs

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

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

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

1. Accounting policies (continued)

1.7 Property, Plant & Equipment

Recognition

Property, plant and equipment is capitalised if:

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

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

Valuation

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

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

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

Until 31 March 2008, the depreciated replacement cost of specialised buildings has been estimated for an exact replacement of the asset in its present location. HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued. The PCT performed a desktop revaluation with an effective date of 31 March 2013.

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

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

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

Subsequent expenditure

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

1. Accounting policies (continued)

1.8 Intangible Assets

Recognition

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

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

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

Measurement

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

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

1.9 Depreciation, amortisation and impairments

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

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

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

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

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

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

1. Accounting policies (continued)

1.10 Donated assets

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

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.11 Government grants

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

This accounting policy change has been applied retrospectively and consequently the 2010-11 results have been restated.

1.12 Non-current assets held for sale

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

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

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

1.13 Inventories

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

1.14 Cash and cash equivalents

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

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

1.15 Losses and Special Payments

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

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

1.16 Clinical Negligence Costs

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

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

1. Accounting policies (continued)

1.17 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.18 Research and Development

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

1.19 Other expenses

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

1.20 Grant making

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

1.21 EU Emissions Trading Scheme

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)

1.22 Contingencies

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

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

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

1.23 Leases

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

The PCT as lessee

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

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

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

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

The PCT as lessor

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

1.24 Foreign exchange

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

1.25 Provisions

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

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

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

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

1. Accounting policies (continued)

1.26 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

Financial assets at fair value through profit and loss

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

Held to maturity investments

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

Available for sale financial assets

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

Loans and receivables

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

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

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

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

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

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

1. Accounting policies (continued)

Financial liabilities

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

Financial liabilities are initially recognised at fair value.

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

Financial liabilities at fair value through profit and loss

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

Other financial liabilities

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

1.27 Private Finance Initiative (PFI) and NHS LIFT transactions

The PCT does not have any PFI or LIFT schemes in progress.

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

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

IAS 27 Separate Financial Statements - subject to consultation
IAS 28 Investments in Associates and Joint Ventures - subject to consultation
IFRS 9 Financial Instruments - subject to consultation - subject to consultation
IFRS 10 Consolidated Financial Statements - subject to consultation
IFRS 11 Joint Arrangements - subject to consultation
IFRS 12 Disclosure of Interests in Other Entities - subject to consultation
IFRS 13 Fair Value Measurement - subject to consultation
IPSAS 32 - Service Concession Arrangement - subject to consultation
IAS 19 (Revised 2011) Employee Benefits
IAS 32 Financial Instruments: Presentation
IFRS 7 Financial Instruments: Disclosures

2 Operating segments

During 2012/13 NHS Bath & North East Somerset was a Commissioner of services only.

** In 2011/12 NHS Bath & North East Somerset's Provider segment transferred to a Social Enterprise - Sirona Care & Health (CIC).

The figures reported as the Provider segment for 2011/12 represent the costs for the first six months of 2011/12, i.e. the period April 2011 to September 2011.

| | Segment PCT Commissioner 2012-13 £000 | 2011-12 £000 | Segment PCT Provider ** 2012-13 £000 | 2011-12 £000 | Total 2012-13 £000 | 2011-12 £000 |
|-----------------------------------|---|-----------------|--|-----------------|--------------------------|-----------------|
| Expenditure | 302,931 | 273,877 | 0 | 11,819 | 302,931 | 285,696 |
| Surplus/(Deficit) | | | | | | |
| Segment surplus/(deficit) | 2,730 | 2,685 | 0 | 0 | 2,730 | 2,685 |
| Surplus/(deficit) before interest | 2,730 | 2,685 | 0 | 0 | 2,730 | 2,685 |
| Net Assets: | | | | | | |
| Segment net assets | 10,167 | 16,468 | 0 | 0 | 10,167 | 16,468 |

The PCT has incurred expenditure with an external customer in 2012-13 amounting to 10% or more of total expenditure as indicated below:

| | Segment PCT Commissioner 2012-13 £000 | 2011-12 £000 |
|---------------------------------|---|-----------------|
| Royal United Hospital NHS Trust | 79,547 | 73,235 |

3. Financial Performance Targets**3.1 Revenue Resource Limit**

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

| | 2012-13 £000 | 2011-12 £000 |
|--|-----------------|-----------------|
| Total Net Operating Cost for the Financial Year | | 285,696 |
| Net operating cost plus (gain)/loss on transfers by absorption | 302,931 | |
| Adjusted for prior period adjustments in respect of errors | 0 | 0 |
| Revenue Resource Limit | 305,661 | 288,381 |
| Under/(Over)spend Against Revenue Resource Limit (RRL) | 2,730 | 2,685 |

3.2 Capital Resource Limit

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

| | 2012-13 £000 | 2011-12 £000 |
|--------------------------------------|-----------------|-----------------|
| Capital Resource Limit | 1,109 | 573 |
| Charge to Capital Resource Limit | 929 | 572 |
| (Over)/Underspend Against CRL | 180 | 1 |

3.3 Provider full cost recovery duty

The PCT is required to recover full costs in relation to its provider functions.

| | 2012-13 £000 | 2011-12 £000 |
|---------------------------------------|-----------------|-----------------|
| Provider gross operating costs | 0 | 16,610 |
| Provider Operating Revenue | 0 | (4,791) |
| Net Provider Operating Costs | 0 | 11,819 |
| Costs Met Within PCTs Own Allocation | 0 | (11,819) |
| Under/(Over) Recovery of Costs | 0 | 0 |

3.4 Under/(Over)spend against cash limit

| | 2012-13 £000 | 2011-12 £000 |
|---|-----------------|-----------------|
| Total Charge to Cash Limit | 296,780 | 286,213 |
| Cash Limit | 305,086 | 286,213 |
| Under/(Over)spend Against Cash Limit | 8,306 | 0 |

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

| | 2012-13 £000 |
|---|-----------------|
| Total cash received from DH (Gross) | 264,081 |
| Sub total: net advances | 264,081 |
| Plus: cost of Dentistry Schemes (central charge to cash limits) | 6,573 |
| Plus: drugs reimbursement (central charge to cash limits) | 26,126 |
| Parliamentary funding credited to General Fund | 296,780 |

4 Miscellaneous Revenue

| | 2012-13 Total £000 | 2012-13 Admin £000 | 2012-13 Programme £000 | 2011-12 £000 |
|--|-----------------------------------|-----------------------------------|---------------------------------------|-------------------------|
| Fees and Charges | 838 | 558 | 280 | 1,706 |
| Dental Charge income from Contractor-Led GDS & PDS | 3,158 | 0 | 3,158 | 3,288 |
| Prescription Charge income | 1,762 | 0 | 1,762 | 1,644 |
| Strategic Health Authorities | 132 | 41 | 91 | 221 |
| NHS Trusts | 465 | 270 | 195 | 828 |
| NHS Foundation Trusts | 204 | 10 | 194 | 180 |
| Primary Care Trusts - Other | 539 | 157 | 382 | 2,831 |
| Local Authorities | 1,931 | 0 | 1,931 | 2,080 |
| Rental revenue from operating leases | 1,232 | 1,232 | 0 | 609 |
| Total miscellaneous revenue | 10,261 | 2,268 | 7,993 | 13,387 |

5. Operating Costs

5.1 Analysis of operating costs:

| | 2012-13 | 2012-13 | 2012-13 | 2011-12 |
|--|----------------|--------------|----------------|----------------|
| | Total | Admin | Programme | Total |
| | £000 | £000 | £000 | £000 |
| Goods and Services from Other PCTs | | | | |
| Healthcare | 21,905 | 0 | 21,905 | 20,629 |
| Non-Healthcare | 28 | 0 | 28 | 933 |
| Total | 21,933 | 0 | 21,933 | 21,562 |
| Goods and Services from Other NHS Bodies other than FTs | | | | |
| Goods and services from NHS Trusts | 108,630 | 22 | 108,608 | 103,517 |
| Goods and services (other, excluding Trusts, FT and PCT)) | 52 | 52 | 0 | 2,457 |
| Total | 108,682 | 74 | 108,608 | 105,974 |
| Goods and Services from Foundation Trusts | 34,211 | 48 | 34,163 | 29,334 |
| Purchase of Healthcare from Non-NHS bodies | 56,770 | 0 | 56,770 | 37,900 |
| Social Care from Independent Providers | 4,606 | 0 | 4,606 | 7,050 |
| Expenditure on Drugs Action Teams | 2,186 | 0 | 2,186 | 2,126 |
| Non-GMS Services from GPs | 0 | 0 | 0 | 0 |
| Contractor Led GDS & PDS (excluding employee benefits) | 10,005 | 0 | 10,005 | 10,093 |
| Salaried Trust-Led PDS & PCT DS (excluding employee benefits) | 0 | 0 | 0 | 0 |
| Chair, Non-executive Directors & PEC remuneration | 15 | 15 | 0 | 170 |
| Executive committee members costs | 0 | 0 | 0 | 0 |
| Consultancy Services | 0 | 0 | 0 | 29 |
| Prescribing Costs | 22,830 | 0 | 22,830 | 23,351 |
| G/PMS, APMS and PCTMS (excluding employee benefits) | 30,183 | 0 | 30,183 | 28,780 |
| Pharmaceutical Services | 0 | 0 | 0 | 0 |
| Local Pharmaceutical Services Pilots | 0 | 0 | 0 | 0 |
| New Pharmacy Contract | 7,035 | 0 | 7,035 | 6,688 |
| General Ophthalmic Services | 1,486 | 0 | 1,486 | 1,509 |
| Supplies and Services - Clinical | 0 | 0 | 0 | 895 |
| Supplies and Services - General | 0 | 0 | 0 | 153 |
| Establishment | 1,024 | 728 | 296 | 865 |
| Transport | 177 | 3 | 174 | 516 |
| Premises | 2,803 | 1,083 | 1,720 | 1,818 |
| Impairments & Reversals of Property, plant and equipment | 1,434 | 0 | 1,434 | 1,156 |
| Impairments and Reversals of non-current assets held for sale | 0 | 0 | 0 | 0 |
| Depreciation | 1,015 | 309 | 706 | 989 |
| Amortisation | 0 | 0 | 0 | 0 |
| Impairment & Reversals Intangible non-current assets | 0 | 0 | 0 | 0 |
| Impairment and Reversals of Financial Assets | 0 | 0 | 0 | 0 |
| Impairment of Receivables | 5 | 0 | 5 | (30) |
| Inventory write offs | 0 | 0 | 0 | 0 |
| Research and Development Expenditure | 0 | 0 | 0 | 0 |
| Audit Fees | 72 | 72 | 0 | 153 |
| Other Auditors Remuneration | 30 | 30 | 0 | 30 |
| Clinical Negligence Costs | 0 | 0 | 0 | 0 |
| Education and Training | 153 | 0 | 153 | 87 |
| Grants for capital purposes | 0 | 0 | 0 | 120 |
| Grants for revenue purposes | 0 | 0 | 0 | 0 |
| Impairments and reversals for investment properties | 0 | 0 | 0 | 0 |
| Other | 853 | 835 | 18 | 559 |
| Total Operating costs charged to Statement of Comprehensive Net Expenditure | 307,508 | 3,197 | 304,311 | 281,857 |
| 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 | 487 | 487 | 0 | 405 |
| Other Employee Benefits | 5,197 | 4,515 | 682 | 16,821 |
| Total Employee Benefits charged to SOCNE | 5,684 | 5,002 | 682 | 17,226 |
| Total Operating Costs | 313,192 | 8,199 | 304,993 | 299,083 |

Analysis of grants reported in total operating costs

For capital purposes

| | | | | |
|--|----------|----------|----------|------------|
| Grants to Local Authorities to Fund Capital Projects | 0 | 0 | 0 | 120 |
| Total Capital Grants | 0 | 0 | 0 | 120 |
| 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 | 120 |

| Total | Commissioning Public Health Services | |
|-------|--------------------------------------|--|
|-------|--------------------------------------|--|

PCT Running Costs 2012-13

| | | | |
|---|---------------|---------------|--------------|
| Running costs (£000s) | 5,931 | 5,393 | 538 |
| Weighted population (number in units)* | 161,470 | 161,470 | 161,470 |
| Running costs per head of population (£ per head) | £36.73 | £33.40 | £3.33 |

PCT Running Costs 2011-12

| | | | |
|---|---------------|---------------|--------------|
| Running costs (£000s) | 6,280 | 5,658 | 622 |
| Weighted population (number in units) | 161,470 | 161,470 | 161,470 |
| Running costs per head of population (£ per head) | £38.89 | £35.04 | £3.85 |

* 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 | Restated * | 2011-12 |
|---|----------------|----------------|----------------|
| | £000 | 2011-12 | 2011-12 |
| | £000 | £000 | £000 |
| Purchase of Primary Health Care | | | |
| GMS / PMS/ APMS / PCTMS | 30,183 | 28,555 | 28,555 |
| Prescribing costs | 22,834 | 23,351 | 23,351 |
| Contractor led GDS & PDS | 10,005 | 10,093 | 10,093 |
| Trust led GDS & PDS | 0 | 0 | 0 |
| General Ophthalmic Services | 1,486 | 1,509 | 1,509 |
| Department of Health Initiative Funding | 0 | 0 | 0 |
| Pharmaceutical services | 0 | 0 | 0 |
| Local Pharmaceutical Services Pilots | 0 | 0 | 0 |
| New Pharmacy Contract | 7,035 | 6,668 | 6,668 |
| Non-GMS Services from GPs | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total Primary Healthcare purchased | 71,543 | 70,176 | 70,176 |
| Purchase of Secondary Healthcare | | | |
| Learning Difficulties | 5,023 | 4,975 | 4,975 |
| Mental Illness | 26,771 | 25,231 | 25,231 |
| Maternity | 7,487 | 7,318 | 7,318 |
| General and Acute | 138,615 | 123,628 | 123,628 |
| Accident and emergency | 6,132 | 9,675 | 9,676 |
| Community Health Services | 28,264 | 28,066 | 28,066 |
| Other Contractual | 17,370 | 17,324 * | 7,722 |
| Total Secondary Healthcare Purchased | 229,662 | 216,217 | 206,616 |
| Grant Funding | | | |
| Grants for capital purposes | 0 | 120 | 120 |
| Grants for revenue purposes | 0 | 0 | 0 |
| Total Healthcare Purchased by PCT | 301,205 | 286,513 | 276,912 |
| PCT self-provided secondary healthcare included above | 0 | 11,819 | 11,819 |
| Social Care from Independent Providers | 4,606 | 7,050 | 7,050 |
| Healthcare from NHS FTs included above | 32,601 | 28,451 | 28,451 |

* Continuing Health Care costs have been included in the 'Other Contractual costs' and the 2011-12 comparative figure has been amended to reflect this.

6. Operating Leases

An independent Sector Treatment Centre was opened in November 2009 at Emerson's Green, South Gloucestershire.

There is a service agreement between UKSH, the service provider, and the Department of Health to provide an agreed range of treatments for the term of the contract.

This activity is provided to and purchased by NHS South Gloucestershire and PCT's adjacent to the area.

An assessment of the contract against IFRIC 12, IFRIC 4 and IAS 17 have determined that an operating lease exists.

The price within the service contract uses the NHS tariff for secondary care. The service payment to UKSH at Emerson's Green in 2012/13 was £2,776,548 (£2,679,988 for 2011/12). In estimating the annual value of the operating lease the PCT has estimated the percentage of the tariff which relates to estate costs based on similar premises and determined this to be approximately 12%. (The tariff includes a contribution to the cost of the asset).

The estimated value of the operating lease in 2012/13 is £333,186 (2011/12: £321,599). The estimate for 2013/14 is £343,192.

| 6.1 PCT as lessee | | | | 2012-13 | 2011-12 |
|--|--------------|-------------------|---------------|---------------|--------------|
| | Land £000 | Buildings £000 | Other £000 | Total £000 | £000 |
| Payments recognised as an expense | | | | | |
| Minimum lease payments | | | | 405 | 314 |
| Contingent rents | | | | 0 | 0 |
| Sub-lease payments | | | | 0 | 0 |
| Total | | | | 405 | 314 |
| Payable: | | | | | |
| No later than one year | 0 | 388 | 0 | 388 | 379 |
| Between one and five years | 0 | 1,553 | 0 | 1,553 | 1,853 |
| After five years | 0 | 4,434 | 0 | 4,434 | 4,827 |
| Total | 0 | 6,375 | 0 | 6,375 | 7,059 |

Total future sublease payments expected to be received 0 0

There are no future sublease payments.

6.2 PCT as lessor

The PCT has determined that the PMS Leases with GP Practices must be recognised as an Operating Lease, but there is no defined term in the arrangements entered into.

It is not possible to analyse the arrangements over financial years. The financial value in the Statement of Comprehensive Net expenditure for 2012/13 is £2,283k (£2,176k in 2011/12)

| | 2012-13 £000 | 2011-12 £000 |
|-----------------------------|-----------------|-----------------|
| Recognised as income | | |
| Rental Revenue | 1,232 | 609 |
| Contingent rents | 0 | 0 |
| Total | 1232 | 609 |
| Receivable: | | |
| No later than one year | 1,232 | 1,212 |
| Between one and five years | 3,081 | 4,241 |
| After five years | 0 | 0 |
| Total | 4,313 | 5,453 |

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 | 4,890 | 4,481 | 409 | 3,068 | 2,841 | 227 | 1,822 | 1,640 | 182 |
| Social security costs | 262 | 243 | 19 | 260 | 241 | 19 | 2 | 2 | 0 |
| Employer Contributions to NHS BSA - Pensions Division | 406 | 376 | 30 | 406 | 376 | 30 | 0 | 0 | 0 |
| Other pension costs | 4 | 4 | 0 | 0 | 0 | 0 | 4 | 4 | 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 | 122 | 20 | 102 | 122 | 20 | 102 | 0 | 0 | 0 |
| Total employee benefits | 5,684 | 5,124 | 560 | 3,856 | 3,478 | 378 | 1,828 | 1,646 | 182 |
| 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 | 5,684 | 5,124 | 560 | 3,856 | 3,478 | 378 | 1,828 | 1,646 | 182 |
| Employee costs capitalised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross Employee Benefits excluding capitalised costs | 5,684 | 5,124 | 560 | 3,856 | 3,478 | 378 | 1,828 | 1,646 | 182 |
| Recognised as: | | | | | | | | | |
| Commissioning employee benefits | 5,684 | | | 3,856 | | | 1,828 | | |
| Provider employee benefits | 0 | | | 0 | | | 0 | | |
| Gross Employee Benefits excluding capitalised costs | 5,684 | | | 3,856 | | | 1,828 | | |

| | 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 | 0 | 0 | 0 | 0 | 0 | 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Employee Benefits - Prior- year

| | Total £000 | Permanently employed £000 | Other £000 |
|--|---------------|---------------------------------|---------------|
| Employee Benefits Gross Expenditure 2011-12 | | | |
| Salaries and wages | 14,654 | 13,305 | 1,349 |
| Social security costs | 885 | 804 | 81 |
| Employer Contributions to NHS BSA - Pensions Division | 1,687 | 1,531 | 156 |
| Other pension costs | 0 | 0 | 0 |
| Other post-employment benefits | 0 | 0 | 0 |
| Other employment benefits | 0 | 0 | 0 |
| Termination benefits | 0 | 0 | 0 |
| Total gross employee benefits | 17,226 | 15,640 | 1,586 |
| Less recoveries in respect of employee benefits | 0 | 0 | 0 |
| Total - Net Employee Benefits including capitalised costs | 17,226 | 15,640 | 1,586 |
| Employee costs capitalised | 0 | 0 | 0 |
| Gross Employee Benefits excluding capitalised costs | 17,226 | 15,640 | 1,586 |
| Recognised as: | | | |
| Commissioning employee benefits | 3,993 | | |
| Provider employee benefits | 13,233 | | |
| Gross Employee Benefits excluding capitalised costs | 17,226 | | |

7.2 Staff Numbers

| | 2012-13 | | | 2011-12 | | |
|--|--|-----------------------------------|-----------------|--|-----------------------------------|-----------------|
| | Average Total Number for Commissioning Staff | Permanently employed Number | Other Number | Total Average Number for Commissioning Staff | Permanently employed Number | Other Number |
| Average Staff Numbers | | | | | | |
| Medical and dental | 0 | 0 | 0 | 0 | 0 | 0 |
| Ambulance staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Administration and estates | 91 | 72 | 19 | 100 | 88 | 12 |
| Healthcare assistants and other support staff | 6 | 6 | 0 | 0 | 0 | 0 |
| Nursing, midwifery and health visiting staff | 2 | 2 | 0 | 3 | 2 | 1 |
| Nursing, midwifery and health visiting learners | 0 | 0 | 0 | 0 | 0 | 0 |
| Scientific, therapeutic and technical staff | 3 | 3 | 0 | 6 | 5 | 1 |
| Social Care Staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 5 | 5 | 0 | 0 | 0 | 0 |
| TOTAL | 107 | 88 | 19 | 109 | 95 | 14 |
| 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 | 309 | 5,940 |
| Total Staff Years | 88 | 780 |
| Average working Days Lost | 3.51 | 7.62 |
| | 2012-13 Number | 2011-12 Number |
| Number of persons retired early on ill health grounds | 0 | 2 |
| | £000s | £000s |
| Total additional pensions liabilities accrued in the year | 0 | 108 |

7.4 Exit Packages agreed during 2012-13

| Exit package cost band (including any special payment element) | 2012-13 | | | 2011-12 | | |
|--|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
| | 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 | 1 | 0 | 1 | 0 | 0 | 0 |
| £10,001-£25,000 | 3 | 0 | 3 | 0 | 0 | 0 |
| £25,001-£50,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £50,001-£100,000 | 1 | 0 | 1 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £150,001 - £200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| >£200,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total number of exit packages by type (total cost) | 5 | 0 | 5 | 0 | 0 | 0 |
| | £s | £s | £s | £s | £s | £s |
| Total resource cost | 122,579 | 0 | 122,579 | 0 | 0 | 0 |

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 Pension Scheme and are not included in the above table.

This disclosure reports the number and value of exit packages taken by staff leaving in the year.

7.5 Pensions 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 | 7,816 | 92,405 | 9,612 | 67,605 |
| Total Non-NHS Trade Invoices Paid Within Target | <u>7,202</u> | <u>88,024</u> | <u>9,215</u> | <u>66,575</u> |
| Percentage of Non-NHS Trade Invoices Paid Within Target | <u>92.14%</u> | <u>95.26%</u> | <u>95.87%</u> | <u>98.48%</u> |
| NHS Payables | | | | |
| Total NHS Trade Invoices Paid in the Year | 2,843 | 178,141 | 2,286 | 166,434 |
| Total NHS Trade Invoices Paid Within Target | <u>2,567</u> | <u>177,298</u> | <u>2,062</u> | <u>164,327</u> |
| Percentage of NHS Trade Invoices Paid Within Target | <u>90.29%</u> | <u>99.53%</u> | <u>90.20%</u> | <u>98.73%</u> |

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

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 | <u>0</u> | <u>0</u> |
| Total | <u>0</u> | <u>0</u> |

9. Investment Income

The PCT has no Investment Income to report in 2012/13 (2011/12:nil)

10. Other Gains and Losses

The PCT has no other Gains & Losses to report in 2012/13 (2011/12:nil)

11. Finance Costs

The PCT has no Finance Costs to report in 2012/13 (2011/12:nil)

12.1 Property, plant and equipment

| | 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 |
| 2012-13 | | | | | | | | | |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2012 | 8,747 | 17,394 | 0 | 0 | 1,059 | 138 | 4,003 | 82 | 31,423 |
| Additions of Assets Under Construction | | | | 0 | | | | | 0 |
| Additions Purchased | 0 | 621 | 0 | | 90 | 12 | 340 | 0 | 1,063 |
| 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 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals other than for sale | (89) | (45) | 0 | 0 | (1,149) | (150) | (4,343) | (82) | (5,858) |
| Upward revaluation/positive indexation | 0 | 227 | 0 | 0 | 0 | 0 | 0 | 0 | 227 |
| Impairments/negative indexation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of Impairments | (100) | (144) | 0 | 0 | 0 | 0 | 0 | 0 | (244) |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 8,558 | 18,053 | 0 | 0 | 0 | 0 | 0 | 0 | 26,611 |
| Depreciation | | | | | | | | | |
| At 1 April 2012 | 37 | 2,314 | 0 | 0 | 1,042 | 101 | 2,862 | 82 | 6,438 |
| Reclassifications | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Reclassifications as Held for Sale | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Disposals other than for sale | 0 | 0 | 0 | | (1,159) | (112) | (4,240) | (82) | (5,593) |
| Upward revaluation/positive indexation | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | 460 | 0 | 0 | 0 | 0 | 1,055 | 0 | 1,515 |
| Reversal of Impairments | 0 | (81) | 0 | 0 | 0 | 0 | 0 | 0 | (81) |
| Charged During the Year | 0 | 564 | 0 | | 117 | 11 | 323 | 0 | 1,015 |
| Transfers (to)/from Other Public Sector Bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2013 | 37 | 3,257 | 0 | 0 | 0 | 0 | 0 | 0 | 3,294 |
| Net Book Value at 31 March 2013 | 8,521 | 14,796 | 0 | 0 | 0 | 0 | 0 | 0 | 23,317 |
| Purchased | 8,521 | 14,796 | 0 | 0 | 0 | 0 | 0 | 0 | 23,317 |
| 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 | 8,521 | 14,796 | 0 | 0 | 0 | 0 | 0 | 0 | 23,317 |
| Asset financing: | | | | | | | | | |
| Owned | 8,521 | 14,796 | 0 | 0 | 0 | 0 | 0 | 0 | 23,317 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SOFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total at 31 March 2013 | 8,521 | 14,796 | 0 | 0 | 0 | 0 | 0 | 0 | 23,317 |

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 | 345 | 1,934 | 0 | 0 | 0 | 0 | 130 | 0 | 2,409 |
| Movements in Revaluation Reserve | 0 | (17) | 0 | 0 | 0 | 0 | (130) | 0 | (147) |
| At 31 March 2013 | 345 | 1,917 | 0 | 0 | 0 | 0 | 0 | 0 | 2,262 |

12.2 Property, plant and equipment

| | 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 |
| 2011-12 | | | | | | | | | |
| Cost or valuation: | | | | | | | | | |
| At 1 April 2011 | 9,147 | 17,560 | 0 | 0 | 1,043 | 138 | 3,536 | 82 | 31,506 |
| Additions - purchased | 0 | 489 | 0 | 0 | 16 | 0 | 467 | 0 | 972 |
| 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 | (400) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (400) |
| Disposals other than by sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation & indexation gains | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairments | 0 | (655) | 0 | 0 | 0 | 0 | 0 | 0 | (655) |
| 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 | 8,747 | 17,394 | 0 | 0 | 1,059 | 138 | 4,003 | 82 | 31,423 |
| Depreciation | | | | | | | | | |
| At 1 April 2011 | 0 | 592 | 0 | | 942 | 91 | 2,586 | 82 | 4,293 |
| 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 | 37 | 1,119 | 0 | 0 | 0 | 0 | 0 | 0 | 1,156 |
| Reversal of Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charged During the Year | 0 | 603 | 0 | | 100 | 10 | 276 | 0 | 989 |
| 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 | 37 | 2,314 | 0 | 0 | 1,042 | 101 | 2,862 | 82 | 6,438 |
| Net Book Value at 31 March 2012 | 8,710 | 15,080 | 0 | 0 | 17 | 37 | 1,141 | 0 | 24,985 |
| Purchased | 8,710 | 14,502 | 0 | 0 | 17 | 37 | 1,141 | 0 | 24,407 |
| Donated | 0 | 578 | 0 | 0 | 0 | 0 | 0 | 0 | 578 |
| Government Granted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 8,710 | 15,080 | 0 | 0 | 17 | 37 | 1,141 | 0 | 24,985 |
| Asset financing: | | | | | | | | | |
| Owned | 8,710 | 15,080 | 0 | 0 | 17 | 37 | 1,141 | 0 | 24,985 |
| Held on finance lease | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| On-SOFP PFI contracts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PFI residual: interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2012 | 8,710 | 15,080 | 0 | 0 | 17 | 37 | 1,141 | 0 | 24,985 |

12.3 Property, plant and equipment

At the PCT's request the District Valuer Office in Bristol undertook a desktop revaluation exercise of all NHS Bath & North East Somerset Land and Buildings with an effective date of the 31 March 2013. The results of this revaluation are reflected in the asset values

Economic Lives of Non-Current Assets

| | Min Life Years | Max Life Years |
|--------------------------------------|---------------------------|---------------------------|
| Property, Plant and Equipment | | |
| Buildings excl.Dwellings | 15 | 80 |
| Plant & Machinery | 1 | 15 |
| Transport Equipment | 1 | 7 |
| Information Technology | 1 | 5 |
| Furniture & Furnishings | 1 | 5 |

13.1 Intangible non-current assets 2012/13

The PCT has no Intangible Assets to report in 2012/13

13.2 Intangible non-current assets 2011/12

The PCT has no Intangible Assets to report in 2011/12

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 | | | |
| Over-specification of assets | 1,055 | 0 | 1,055 |
| Total charged to Departmental Expenditure Limit | 1,055 | 0 | 1,055 |
| Property, Plant and Equipment impairments and reversals charged to the revaluation reserve | | | |
| Changes in market price | 244 | 0 | 0 |
| Total impairments for PPE charged to reserves | 244 | 0 | 0 |
| Total Impairments of Property, Plant and Equipment | 1,678 | 0 | 1,434 |
| Total Investment Property Impairments | 0 | 0 | 0 |
| Total Impairments charged to Revaluation Reserve | 244 | 0 | 0 |
| Total Impairments charged to SoCNE - DEL | 1,055 | 0 | 1,055 |
| Total Impairments charged to SoCNE - AME | 379 | 0 | 379 |
| Overall Total Impairments | 1,678 | 0 | 1,434 |
| Of which: | | | |
| Impairment on revaluation to "modern equivalent asset" basis | 0 | 0 | 0 |
| Donated and Gov Granted Assets, included above - | | | |
| PPE - Donated and Government Granted Asset Impairments: amount charged to SoCNE - DEL* | 0 | 0 | 0 |
| Intangibles - Donated and Government Granted Asset Impairments: amount charged to SoCNE -AME* | 0 | 0 | 0 |

15 Investment property

The PCT has no Investment Property to report in 2012/13 (2011/12:nil)

16 Commitments

16.1 Capital commitments

The PCT has no contracted capital commitments at 31 March 2013 (31 March 2012:nil)

16.2 Other financial commitments

The PCT has not entered into non-cancellable contracts during 2012/13 (2011/12:nil)

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 | 92 | 0 | 710 | 0 |
| Balances with Local Authorities | 38 | 0 | 92 | 0 |
| Balances with NHS bodies outside the Departmental Group | 0 | 0 | 0 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 101 | 0 | 3,298 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 717 | 0 | 8,714 | 0 |
| At 31 March 2013 | 948 | 0 | 12,814 | 0 |
| prior period: | | | | |
| Balances with other Central Government Bodies | 307 | 0 | 288 | 0 |
| Balances with Local Authorities | 466 | 0 | 51 | 0 |
| Balances with NHS Trusts and Foundation Trusts | 1,521 | 0 | 2,977 | 0 |
| Balances with Public Corporations and Trading Funds | 0 | 0 | 0 | 0 |
| Balances with bodies external to government | 2,170 | 28 | 9,246 | 0 |
| At 31 March 2012 | 4,464 | 28 | 12,562 | 0 |

18 Inventories

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

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 | 193 | 1,813 | 0 | 0 |
| NHS receivables - capital | 0 | 0 | 0 | 0 |
| NHS prepayments and accrued income | 0 | 0 | 0 | 0 |
| Non-NHS receivables - revenue | 343 | 57 | 0 | 0 |
| Non-NHS receivables - capital | 0 | 0 | 0 | 0 |
| Non-NHS prepayments and accrued income | 244 | 427 | 0 | 31 |
| Provision for the impairment of receivables | (5) | (23) | 0 | (3) |
| VAT | 121 | 0 | 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 | 52 | 2,190 | 0 | 0 |
| Total | 948 | 4,464 | 0 | 28 |
| Total current and non current | 948 | 4,492 | | |
| Included above: | | | | |
| Prepaid pensions contributions | 57 | 43 | | |

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 | 405 | 1,850 |
| By three to six months | 3 | 470 |
| By more than six months | 8 | 185 |
| Total | 416 | 2,505 |

19.3 Provision for impairment of receivables

| | 2012-13 £000 | 2011-12 £000 |
|---|-----------------|-----------------|
| Balance at 1 April 2012 | (26) | (81) |
| Amount written off during the year | 26 | 25 |
| Amount recovered during the year | 0 | 30 |
| (Increase)/decrease in receivables impaired | (5) | 0 |
| Balance at 31 March 2013 | (5) | (26) |

20 NHS LIFT investments

The PCT has no NHS LIFT Investments to report in 2012/13 (2011/12:nil)

21.1 Other financial assets - Current

The PCT has no Other Financial Assets - Current to report in 2012/13 (2011/12:nil)

21.2 Other Financial Assets - Non Current

The PCT has no Other Financial Assets - Non Current to report in 2012/13 (2011/12:nil)

21.3 Other Financial Assets - Capital Analysis

The PCT has no Other Financial Assets - Capital Analysis to report in 2012/13 (2011/12:nil)

22 Other Current Assets

The PCT has no Other Current Assets to report in 2012/13 (2011/12:nil)

23 Cash and Cash Equivalents

| | 31 March 2013 | 31 March 2012 |
|--|----------------------|-----------------|
| | £000 | £000 |
| Opening Balance | 6 | 6 |
| Net change in year | <u>0</u> | <u>0</u> |
| Closing balance | <u>6</u> | <u>6</u> |
| Made up of | | |
| Cash with Government Banking Service | 6 | 6 |
| Commercial banks | 0 | 0 |
| Cash in hand | 0 | 0 |
| Current investments | 0 | 0 |
| Cash and cash equivalents as in statement of financial position | 6 | 6 |
| Bank overdraft - Government Banking Service | 0 | 0 |
| Bank overdraft - Commercial banks | <u>0</u> | <u>0</u> |
| Cash and cash equivalents as in statement of cash flows | <u>6</u> | <u>6</u> |
| Patients' money held by the PCT, not included above | 0 | 0 |

24 Non-Current Assets held for sale

The PCT has no Other Non-Current Assets held for sale to report in 2012/13 (2011/12:nil)

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 | 4,008 | 3,196 | 0 | 0 |
| NHS payables - capital | 0 | 0 | 0 | 0 |
| NHS accruals and deferred income | 0 | 0 | 0 | 0 |
| Family Health Services (FHS) payables | 4,210 | 4,862 | | |
| Non-NHS payables - revenue | 2,642 | 1,438 | 0 | 0 |
| Non-NHS payables - capital | 0 | 75 | 0 | 0 |
| Non-NHS accruals and deferred income | 0 | 66 | 0 | 0 |
| Social security costs | 2 | 3 | | |
| VAT | 0 | 21 | 0 | 0 |
| Tax | 35 | 34 | | |
| Payments received on account | 0 | 0 | 0 | 0 |
| Other | 1,917 | 2,867 | 0 | 0 |
| Total | 12,814 | 12,562 | 0 | 0 |
| Total payables (current and non-current) | 12,814 | 12,562 | | |

26 Other Liabilities

The PCT has no Other Liabilities to report in 2012/13 (2011/12:nil)

27 Borrowings

The PCT has no Borrowings to report in 2012/13 (2011/12:nil)

28 Other financial liabilities

The PCT has no Other financial Liabilities to report in 2012/13 (2011/12:nil)

29 Deferred income

The PCT has no Deferred Income to report in 2012/13 (2011/12:nil)

30 Finance lease obligations

The PCT does not have any finance lease obligations at 31 March 2013 (31 March 2012: nil)

31 Finance lease receivables as lessor

The PCT does not have any finance lease receivables as lessor to report as at 31 March 2013 (31 March 2012: nil)

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 | 659 | 0 | 224 | 0 | 0 | 430 | 0 | 0 | 5 | 0 |
| Arising During the Year | 1,288 | 0 | 18 | 0 | 0 | 1,265 | 0 | 0 | 5 | 0 |
| Utilised During the Year | (95) | 0 | (20) | 0 | 0 | (75) | 0 | 0 | 0 | 0 |
| Reversed Unused | (360) | 0 | 0 | 0 | 0 | (355) | 0 | 0 | (5) | 0 |
| Unwinding of Discount | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in Discount Rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transferred (to)/from other Public Sector bodies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2013 | 1,492 | 0 | 222 | 0 | 0 | 1,265 | 0 | 0 | 5 | 0 |
| Expected Timing of Cash Flows: | | | | | | | | | | |
| No Later than One Year | 1,290 | 0 | 20 | 0 | 0 | 1,265 | 0 | 0 | 5 | 0 |
| Later than One Year and not later than Five Years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Later than Five Years | 202 | 0 | 202 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

The PCT reviewed its CHC Provision as at the end of March 2013. The liability was calculated at £1.3m based upon two elements:

1. The first is for £0.4m and relates to longer standing claims where a detailed analysis has been done and a financial assessment made.
2. The second element of the provision is for £0.9m and this relates to the national exercise for retrospective claims where potentially eligible cases have been identified but detailed work remains to be done to carry out a full assessment of the validity of these claims. An initial financial assessment has been made using a standard weekly bed cost of £800 with an initial adjustment to the length of the claim based on local professional nursing knowledge of the cases where available. The total value of these claims is then estimated at £7.2m. An anticipated conversion rate of 12.5% was then applied to identify the likely level of actual claims that may be expected to lead to a successful claim. This rate was based on advice from the Department of Health. This gives a provision in respect of these cases of £0.9m at 31 March 2013. The balance of £6.3m on these cases is not treated as a contingent liability.

Amount Included in the Provisions of the NHS Litigation

Authority in Respect of Clinical Negligence Liabilities:

| | |
|---------------------|-------|
| As at 31 March 2013 | 534 |
| As at 31 March 2012 | 1,127 |

33 Contingencies

The PCT has no Contingencies to report in 2012/13 (2011/12:nil)

34 PFI and LIFT - additional information

The PCT has no LIFT or PFI Schemes (2011/12 : nil)

35 Impact of IFRS treatment - 2012-13

The PCT has no impact to declare on LIFT or PFI Schemes (2011/12 : nil)

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 | | 193 | | 193 |
| Receivables - non-NHS | | 390 | | 390 |
| Cash at bank and in hand | | 6 | | 6 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Total at 31 March 2013 | 0 | 589 | 0 | 589 |
| Embedded derivatives | 0 | | | 0 |
| Receivables - NHS | | 1,813 | | 1,813 |
| Receivables - non-NHS | | 2,224 | | 2,224 |
| Cash at bank and in hand | | 6 | | 6 |
| Other financial assets | 0 | 0 | 0 | 0 |
| Total at 31 March 2012 | 0 | 4,043 | 0 | 4,043 |

36.2 Financial Liabilities

| | At 'fair value through profit and loss' £000 | Other £000 | Total £000 |
|---------------------------------|---|---------------|---------------|
| Embedded derivatives | 0 | | 0 |
| NHS payables | | 4,008 | 4,008 |
| Non-NHS payables | | 7,132 | 7,132 |
| Other borrowings | | 0 | 0 |
| PFI & finance lease obligations | | 0 | 0 |
| Other financial liabilities | 0 | 0 | 0 |
| Total at 31 March 2013 | 0 | 11,140 | 11,140 |
| Embedded derivatives | 0 | | 0 |
| NHS payables | | 3,196 | 3,196 |
| Non-NHS payables | | 6,995 | 6,995 |
| Other borrowings | | 0 | 0 |
| PFI & finance lease obligations | | 0 | 0 |
| Other financial liabilities | 0 | 0 | 0 |
| Total at 31 March 2012 | 0 | 10,191 | 10,191 |

37 Related party transactions

NHS Bath & North East Somerset PCT is a body corporate established by order of the Secretary of State for Health.

During the year the following members of the Clinical Commissioning Group (CCG) Committee had a Related Party Relationship with NHS Bath & North East Somerset PCT via their GP Practices which undertook the following material transactions :

*Payments to the GP Practices detailed below are for the provision of services to their practice population including premises costs and staff employed directly within the practice. The payments are not to the individual Doctor.

| Related Party | Name | Relationship to the PCT | Relationship to Related Party | Relevant Period 2012/13 | Payments to Related Party 2012/13 | Payments to Related Party 2011/12 (where relevant) |
|---------------------------|---|--------------------------|-------------------------------|-------------------------|-----------------------------------|--|
| | | | | | £ | £ |
| Hope House Surgery | Dr. Simon Douglass | CCG Member | General Practitioner | Full year | 608,304 | 829,549 |
| Catherine Cottage Surgery | In 2012/13 no representation on CCG Committee | | N/A | N/A | 0 | 144,449 |
| St James' Surgery | Dr Ian Orpen | CCG Member | General Practitioner | Full year | 968,687 | 1,300,991 |
| Newbridge Surgery | Dr Ruth Grabham | CCG Member | General Practitioner | Full year) | | |
| | | | |) | | |
| Newbridge Surgery | Dr Richard Wharton | Cluster Medical Director | General Practitioner | Full year) | 737,611 | 1,031,816 |
| | | | |) | | |
| Newbridge Surgery | Dr Shanil Mantri | CCG Member | General Practitioner | Full year) | | |
| | | | |) | | |
| St Chad's Surgery | Dr Elizabeth Hersch | CCG Member | General Practitioner | Full year | 1,063,693 | 1,349,575 |
| St Michael's Surgery * | Dr Jim Hampton | CCG Member | General Practitioner | Full year | 711,473 | 969,170 |

*£5k was outstanding from the PCT to St Michaels Partnership as at 31 March 2013, (2011/12: nil).

The Department of Health is regarded as a related party. During the year the NHS Bath & North East Somerset 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, viz:

NHS South of England

Other Strategic Health Authorities, Primary Care Trusts, NHS Trusts and Foundation Trusts;

The NHS Litigation Authority;

NHS Supplies Chain ; NHS Business Services Authority

NHS Pensions Agency

Throughout the financial year NHS Bath & North East Somerset PCT continued in a "clustered" organisational arrangement with NHS Wiltshire. A single executive team covered the key duties and responsibilities across the clustered organisation.

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local government bodies. Most of these transactions have been with Bath & North East Somerset Council in respect of Section 256 arrangements.

The PCT also had a number of transactions with Virgin Care Limited, a local private provider of healthcare services.

The GP's mentioned above (except Dr Shanil Mantri) are members of Virgin Care Limited.

The PCT also had a number of transactions with Sirona CIC - a Social Enterprise formed in October 2011 from the PCT's provider arm.

The Primary Care Trust received revenue payments from a number of charitable funds, all of the Trustees are members of the Primary Care Trust Board. The Board Members act as the Corporate Trustee.

A separate Trustees Report and Accounts are prepared for the Bath & North East Somerset PCT Charitable Fund in line with the Charity Commission requirements.

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 | 553 | 1 |
| 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 | 553 | 1 |
| Total special payments | 0 | 0 |
| Total losses and special payments | 553 | 1 |

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 | 24,287 | 18 |
| Special payments - PCT management costs | 8041 | 4 |
| 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 | 32,328 | 22 |
| Total special payments | 0 | 0 |
| Total losses and special payments | 32,328 | 22 |

39 Third party assets

The PCT did not hold cash and cash equivalents at 31 March 2013 on behalf of patients (as at 31 March 2012: nil).

40 Pooled Budget

NHS Bath & North East Somerset PCT has Pooled Budget arrangements under section 31 of the Health Act 1999. The Pooled Budgets are hosted by B&NES Local Authority. There are four Pooled Budgets :- Drug Action Team (DAT), Community Equipment, Children & Young People with Multiple & Complex Needs, and Adult Learning Difficulties.

The audited memorandum accounts for these Pooled Budget arrangements are appended below :-

| Gross Funding | Community Equipment | | Drug Action Team | | Children and Young People with Multiple and Complex Needs | | Adult Learning Difficulties | |
|--|---------------------|----------------|------------------|------------------|---|------------------|-----------------------------|-------------------|
| | 2012/13 £ | 2011/12 £ | 2012/13 £ | 2011/12 £ | 2012/13 £ | 2011/12 £ | 2012/13 £ | 2011/12 £ |
| Bath & North East Somerset Council | 284,757 | 308,082 | 541,777 | 541,226 | 2,483,912 | 2,483,912 | 15,349,933 | 13,437,800 |
| Bath & North East Somerset Council (one-off Capital Funding) | 81,174 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bath & North East Somerset Council Area Based Grant | 0 | 0 | 56,604 | 56,604 | 0 | 0 | 0 | 112,630 |
| Bath & North East Somerset Primary Care Trust | 217,608 | 203,191 | 766,829 | 766,829 | 130,732 | 130,732 | 5,032,727 | 4,937,813 |
| Contributions from other NHS Organisations | 0 | 0 | 16,870 | 16,870 | 0 | 0 | 3,243,429 | 3,156,000 |
| Probation Service (Avon & Somerset) | 0 | 0 | 18,822 | 18,822 | 0 | 0 | 0 | 43,427 |
| Home Office | 0 | 0 | 43,744 | 47,548 | 0 | 0 | 0 | 0 |
| National Agency Treatment Plan (Department of Health) | 0 | 0 | 1,355,892 | 1,303,337 | 0 | 0 | 0 | 0 |
| Approved Brought forward balance from 2011/12 | 0 | 0 | 167,266 | 0 | 0 | 0 | 0 | 0 |
| Approved Brought forward balance from 2010/11 | 0 | 0 | 0 | 86,467 | 0 | 0 | 0 | 0 |
| Interest on External Funding Balances | 878 | 615 | 3,225 | 3,410 | 0 | 0 | 40,579 | 48,872 |
| Total Funding | 584,417 | 511,888 | 2,971,029 | 2,841,113 | 2,614,644 | 2,614,644 | 23,666,668 | 21,736,542 |
| Expenditure | | | | | | | | |
| Spend on Pooled Budget Service | 584,417 | 511,888 | 0 | 0 | 0 | 0 | 0 | 0 |
| Spend on Drug & Alcohol Services for Adults | 0 | 0 | 2,840,828 | 2,607,333 | 0 | 0 | 0 | 0 |
| Spend on Drug & Alcohol Services for Young People | 0 | 0 | 66,514 | 66,514 | 2,781,271 | 2,681,992 | 0 | 0 |
| Spend on Learning Difficulties | 0 | 0 | 0 | 0 | 0 | 0 | 23,666,668 | 21,736,542 |
| Total Expenditure | 584,417 | 511,888 | 2,907,342 | 2,673,847 | 2,781,271 | 2,681,992 | 23,666,668 | 21,736,542 |
| Net underspend repaid/carried forward as detailed below | 0 | 0 | 63,687 | 167,266 | (166,627) | (67,348) | 0 | 0 |
| Underspend repaid | | | | | | | | |
| Bath & North East Somerset Council | 0 | 0 | 0 | 47,793 | (158,296) | 0 | | |
| Bath & North East Somerset Primary Care Trust | 0 | 0 | 0 | 58,414 | (8,331) | 0 | | |
| Probation Service (Avon & Somerset) | 0 | 0 | 0 | 0 | 0 | 0 | | |
| National Agency Treatment Plan (Department of Health) | 0 | 0 | 63,687 | 61,059 | 0 | 0 | | |
| | 0 | 0 | 63,687 | 167,266 | (166,627) | 0 | | |

The Pooled Fund Memorandum Account for Community Equipment, for 2012/13, was signed by the Chief Financial Officer of Bath & North East Somerset Council on 23 April 2013; the Adult Learning Difficulties Pooled Fund Memorandum Account, for 2012/13 was signed on 7 May 2013; the Pooled Fund Memorandum Account for the Drug Action Team, for 2012/13, was signed on 13 May 2013, and the Pooled Fund Memorandum Account for Children and Young People with Multiple and Complex Needs, for 2012/13, was signed on 17 April 2013. These statements confirm that the Memorandum Accounts accurately disclose the income received and expenditure incurred in accordance with the Partnership Agreement, as amended by subsequent agreed variations, entered into under section 75 of the NHS Act of 2006.

41 Cashflows relating to exceptional items

The PCT did not have any exceptional items to disclose.

42 Events after the end of the reporting period

The Department of Health has made detailed arrangements for the transfer of 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.

The main functions carried out by NHS Bath & North East Somerset PCT in 2012-13 will be carried out in 2013-14 by the following public sector bodies:

Bath & North East Somerset Clinical Commissioning Group (CCG)
NHS England - Local Area Team
NHS Property Services
Commissioning Support Unit (CSU)

Certain assets have transferred to NHS Property Services on 1 April 2013. These were considered operational at the year end, and so have not been impaired in the PCT books. It is for the successor body to consider whether, in 2013-14, it is necessary to review these for impairment.

The Properties which transferred to NHS Property Services on 1 April 2013 are :-

Freehold :

St Martin's Hospital Bath
Keynsham Hospital, Keynsham
Paulton Hospital, Paulton
Flax Bouton Learning Difficulty Property, Bristol

Other Leasehold properties in the Bath & Bristol Area.