

Data entered below will be used throughout the workbook:

PCT name:	Islington PCT
This year	2010-11
Last year	2009-10
This year ended	31 March 2011
Last year ended	31 March 2010
This year commencing:	1 April 2010

**FOREWORD TO THE ACCOUNTS**

**Islington PCT**

These accounts for the year ended 31 March 2011 have been prepared by the Islington Primary Care Trust under section 98 (2) of the National Health Service Act 1977 (as amended by section 24(2), schedule 2 of the National Health Service and Community Care Act 1990), in the form of which the Secretary of State has, with the approval of the Treasury, directed.

**Statement of Comprehensive Net Expenditure for year ended  
31 March 2011**

	NOTE	2010-11 £000	2009-10 £000
<b>Commissioning</b>			
Employee benefits	7.1	16,296	10,926
Other costs	5.1	422,976	400,116
Income	4	(12,702)	(11,221)
<b>Provider</b>			
Employee benefits	7.1	42,129	42,945
Other costs	3.3	15,734	16,747
Income	3.3	(17,268)	(18,602)
<b>PCT net operating costs before interest</b>		<b>467,165</b>	<b>440,911</b>
Investment income	9	(21)	(20)
Other (Gains)/Losses	10	0	0
Finance costs	11	1,249	1,149
<b>Net operating costs for the financial year</b>		<b>468,393</b>	<b>442,040</b>
<b>Other Comprehensive Net Expenditure</b>			
Net (gain) on revaluation of property, plant & equipment		(1,875)	(69)
Net (gain) on revaluation of intangibles		0	0
Net (gain) on revaluation of available for sale financial assets		0	0
Receipt of donated or government granted assets		0	0
(Gain)/loss on other reserves		0	0
Impairments and reversals		0	1,479
Transfers from donated and government grant reserves		25	27
Adjustment for nominal cost of capital charge		0	765
Transfers (to)/from other bodies within the Resource Account Boundary		0	0
Net actuarial (gain)/loss on pension		0	-
<b>Total comprehensive net expenditure for the year</b>		<b>466,543</b>	<b>444,242</b>

The notes on pages 6 to 48 form part of this account.

**STATEMENT OF FINANCIAL POSITION AS AT  
31 March 2011**

	NOTE	31 March 2011 £000	31 March 2010 £000
<b>Non-current assets:</b>			
Property, plant and equipment	12	26,259	24,936
Intangible assets	13	4	7
Other financial assets	30	260	260
Trade and other receivables	17.1	2,790	0
<b>Total non-current assets</b>		<b>29,313</b>	25,203
<b>Current assets:</b>			
Inventories	16	0	0
Trade and other receivables	17.1	7,734	12,816
Other financial assets	30	0	0
Other current assets	31	0	0
Cash and cash equivalents	32	67	205
		<b>7,801</b>	13,021
Non-current assets held for sale	15	0	0
<b>Total current assets</b>		<b>7,801</b>	13,021
<b>Total assets</b>		<b>37,114</b>	38,224
<b>Current liabilities</b>			
Trade and other payables	18	(39,447)	(50,829)
Other liabilities	20	0	0
Provisions	21	(3,565)	(757)
Borrowings	19	(91)	(38)
Other financial liabilities	24	0	0
<b>Total current liabilities</b>		<b>(43,103)</b>	(51,624)
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>(5,989)</b>	(13,400)
<b>Non-current liabilities</b>			
Trade and other payables	18	0	0
Provisions	21	(8,948)	(9,176)
Borrowings	19	(6,066)	(6,157)
Other financial liabilities	24	0	0
Other liabilities	20	0	0
<b>Total non-current liabilities</b>		<b>(15,014)</b>	(15,333)
<b>Total Assets Employed:</b>		<b>(21,003)</b>	(28,733)
<b>FINANCED BY:</b>			
<b>TAXPAYERS' EQUITY</b>			
General fund		(33,217)	(39,107)
Revaluation reserve		11,624	9,782
Donated asset reserve		525	525
Government grant reserve		65	67
Other reserves		0	0
<b>Total Taxpayers' Equity:</b>		<b>(21,003)</b>	(28,733)

The notes on pages 6 to 48 form part of this account.

The financial statements on pages 1 to 5 were approved by the Board on 6th June 2011 and signed on its behalf by

**Chief Executive:**

Date:

Caroline Taylor

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**For the year ended 31 March 2010**

	General fund	Revaluation reserve	Donated asset reserve	Govt. grant reserve	Other reserves	Total reserves
	£000	£000	£000	£000	£000	£000
<b>Balance at 1 April 2009</b>	(25,978)	11,215	525	71	0	(14,167)
<b>Changes in taxpayers' equity for 2009-10</b>						
Net operating cost for the year	(442,040)					(442,040)
Net gain on revaluation of property, plant, equipment		46	23	0		69
Net gain on revaluation of intangible assets		0	0	0		0
Net gain on revaluation of financial assets		0				0
Receipt of donated or government granted assets			0	0		0
Movements in other reserves					0	0
Impairments and reversals		(1,479)	0	0		(1,479)
Release of reserves to SoCNE		0	(23)	(4)		(27)
Non-cash charges – cost of capital	(765)					(765)
Transfers between reserves	0	0	0	0	0	0
Transfers to/(from) other bodies within the Resource Account boundary	0	0				0
<b>Total recognised income and expense for 2009-10</b>	(442,805)	(1,433)	0	(4)	0	(444,242)
Net Parliamentary funding	429,676					429,676
<b>Balance at 31 March 2010</b>	<b>(39,107)</b>	<b>9,782</b>	<b>525</b>	<b>67</b>	<b>0</b>	<b>(28,733)</b>

**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY**  
**For the year ended 31 March 2011**

	General Fund	Revaluation Reserve	Donated Asset Reserve	Govt. Grant Reserve	Other Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000
<b>Changes in taxpayers' equity for 2010-11</b>						
Balance at 1 April 2010	(39,107)	9,782	525	67	0	(28,733)
Net operating cost for the year	(468,393)					(468,393)
Net gain on revaluation of property, plant, equipment		1,852	23	0		1,875
Net gain on revaluation of intangible assets		0	0	0		0
Net gain on revaluation of financial assets		0				0
Receipt of donated or government granted assets			0	0		0
Movements in other reserves					0	0
Impairments and reversals		0	0	0		0
Release of reserves to SoCNE		0	(23)	(2)		(25)
Non-cash charges – cost of capital	0					0
Transfers between reserves	10	(10)	0	0	0	0
Transfers to/(from) other bodies within the Resource Account Boundary	0	0	0	0		0
Net actuarial gain/(loss) on pension	0				0	0
<b>Total recognised income and expense for 2010-11</b>	<b>(468,383)</b>	<b>1,842</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>(466,543)</b>
Net Parliamentary funding	474,273					474,273
<b>Balance at 31 March 2011</b>	<b>(33,217)</b>	<b>11,624</b>	<b>525</b>	<b>65</b>	<b>0</b>	<b>(21,003)</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED****31 March 2011**

	NOTE	2010-11 £000	2009-10 £000
<b>Cashflow from operating activities</b>			
Net operating cost before interest		(467,165)	(440,911)
Other cash flow adjustments	39	3,865	1,403
Movements in Working Capital	38	(9,557)	14,189
Provisions utilised	21	(730)	(793)
Interest paid		(774)	0
<b>Net cash outflow from operating activities</b>		<b>(474,361)</b>	<b>(426,112)</b>
<b>Cash flows from investing activities</b>			
Payments to purchase property, plant and equipment		(68)	(392)
Payments to purchase intangible assets		0	0
Proceeds of disposal of assets held for sale		35	0
Purchase of financial investments (LIFT)		0	0
Sale of financial investments (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Payments for other financial assets		0	(3,000)
Proceeds from disposal of other financial assets		0	0
Interest received		21	0
Rental Revenue		0	0
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(12)</b>	<b>(3,392)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>(474,373)</b>	<b>(429,504)</b>
<b>Cash flows from financing activities</b>			
Net Parliamentary Funding		474,273	429,676
Other capital receipts surrendered		0	0
Capital grants received		0	0
Capital element of payments in respect of finance leases, on-SoFP PFI and LIFT		(38)	0
Cash transfers (to)/from other NHS bodies		0	0
<b>Net cash inflow/(outflow) from financing</b>		<b>474,235</b>	<b>429,676</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(138)</b>	<b>172</b>
<b>Cash (and) cash equivalents (and bank overdrafts) at the beginning of the financial year</b>		<b>205</b>	<b>33</b>
Effect of exchange rate changes on the balance of cash held in foreign currencies		0	0
<b>Cash (and) cash equivalents (and bank overdrafts) at the end of the financial year</b>		<b>67</b>	<b>205</b>

## **1. Accounting policies**

The Secretary of State for Health has directed that the financial statements of PCTs shall meet the accounting requirements of the PCT Manual for Accounts, which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the 2010-11 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.

For 2009-10 and 2010-11, 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

#### **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 measurement and recognition of the LIFT Co. investment at cost is deemed to be a reasonable approximation of fair value given that the nature of the future dividends and subordinated debt repayments is uncertain.

## 1. Accounting policies (continued)

### Key sources of estimation uncertainty

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

- Land and buildings are restated at current cost using professional DV valuations. The PCT obtained an up to date revaluation at 31st March 2011 from the District Valuer. This valuation was completed on a Modern Equivalent Asset basis which is in accordance with the recent RICS guidance. The PCT has taken the option to using annual full DV valuations of its assets rather than applying any indices to index its assets and has accounted for movements mainly through its asset reserves. There has not been any material impairments in asset values since 1st April 2009 and is satisfied, through discussion with the District Valuer that assets brought into use for the first time has also been revalued with other assets and where there is an impairment any excess over reserves are charged to the operating Cost Statement.

- All assets are depreciated over their useful economic lives (UEL) in accordance with the PCT's depreciation policy. For equipment assets the PCT has made an assumption of the average asset life for each category of assets (see Note 1.9 on page 9). For land and building assets the UEL is determined by the District Valuer when a formal revaluation is undertaken.

- Early Retirement (£7,760,428) - The PCT has included a material provision in the accounts. These claims are handled by the NHS Pensions Agency.

- Dilapidations to lease buildings (£1,486,811) - The PCT has estimated the cost of bringing its leased buildings back to the condition they were in at the start of the lease agreement. The PCT's estates team has calculated this estimate based on their knowledge of the use of the building and the works that the PCT has undertaken on the asset during the lease.

- Back to back provision (£962,478) - The majority of this provision relates to NHS Trusts pensions for former staff and directors.

Although the PCT believes that its estimates of the relevant expected useful lives, its assumptions concerning the environment and developments in the industry in which the PCT operates and its estimations of the discounted future cashflows are appropriate, changes in assumptions or circumstances could require changes in the analysis. This could lead to additional impairment charges in the future or to valuation write-backs should the trends expected by the PCT reverse.

### 1.2 Income 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 income is income which relates directly to the operating activities of the Primary Care Trust. Income in respect of goods and services provided is recognised when, and to the extent that, performance occurs and is measured at the fair value of the consideration receivable. It principally comprises fees and charges for services provided on a full cost basis to external customers, as well as public repayment work. This includes appropriated-in-aid and non appropriated-in-aid income. Appropriated-in-aid income is the non-NHS or governmental income recorded as income, arising from the provision of goods and services to non-NHS bodies, individuals, the private sector and donations.

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

### 1.3 Taxation

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

### 1.5 Pooled budgets

The PCT has entered into five pooled budgets with the London Borough of Islington and other NHS Organisations. As a commissioner of healthcare services, the PCT makes contributions to the pool, which are then used to purchase healthcare services. The PCT accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

The PCT hosts a pooled budget with London Borough of Islington for substance misuse under a S75 agreement.

The PCT also contributes to the following pooled budgets which are hosted by the London Borough of Islington:

- Intermediate Care pooled budget

Learning Disability pool budget with the London Borough of Islington under S75 agreement

- Integrated Community Equipment Service pooled budget.

- Mental Health (Commissioning Pool) pooled budget

### 1.6 Capital Charges

A capital charge of 3.5% of the net average assets less liabilities (excluding donated assets and cash balances with the Government Banking Services) was charged by the Department of Health in 2009-10. The Department no longer applies this charge and so this item of expenditure does not appear in the 2010-11 expenditure analysis. The Department continues however to apply the cost of capital charge to the Islington PCT's resource allocation and this is reflected in the revenue resource limit shown in the accounts.

## 1. Accounting policies (continued)

### 1.7 Property, Plant & Equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

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

#### Valuation

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

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

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

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

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

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter 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, on a straight line basis. 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 property, plant and equipment or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. This is a change in accounting policy from previous years where all impairments were taken to the revaluation reserve to the extent that a balance was held for that asset and thereafter 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.

*The estimated lives of fixed assets are as follows:*

Software Licences 3 years

Buildings - 7 to 95 years

Plant & machinery - 7 to 11 years

Information Technology - 3 - 15 years

Furniture & Fittings - 10 years

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

### **1.10 Donated assets**

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to the donated asset reserve. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the donated asset reserve and, each year, an amount equal to the depreciation charge on the asset is released from the donated asset reserve to offset the expenditure. On sale of donated assets, the net book value is transferred from the donated asset reserve to general fund.

### **1.11 Government grants**

Government grants are grants from government bodies other than revenue from NHS bodies for the provision of services. Revenue grants are treated as deferred income initially and credited to income to match the expenditure to which they relate. Capital grants are credited to the government grant reserve and released to operating revenue over the life of the asset in a manner consistent with the depreciation and impairment charges for that asset. Assets purchased from government grants are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations and impairments are taken to the government grant reserve and, each year, an amount equal to the depreciation charge on the asset is released from the government grant reserve to offset the expenditure.

### **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 on the revaluation reserve is transferred to general fund. For donated and government-granted assets, a transfer is made to or from the relevant reserve to the profit/loss on disposal account so that no profit or loss is recognised in income or expenses. The remaining surplus or deficit in the donated asset or government grant reserve is then transferred to the General Fund.

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

### **1.13 Cash and cash equivalents**

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

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

### **1.14 Losses and Special Payments**

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

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

### **1.15 Clinical Negligence Costs**

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

The NHSLA operates a risk pooling scheme under which the PCT pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. The contribution is charged to expenditure in the year that it is due. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the PCT. The total value of clinical negligence provisions carried by the NHSLA on behalf of the PCT is disclosed at Note 21.

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

### **1.16 Employee benefits**

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

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

#### **Retirement benefit costs**

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

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

### **1.17 Other expenses**

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

### **1.18 Grant making**

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

## 1. Accounting policies (continued)

### 1.19 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.

### 1.20 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. This is a change in accounting policy from previous years where leased land was always treated as an operating lease.

#### The PCT as lessor

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

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

### 1.21 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 or 2.9% in pensions provisions 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)

### 1.22 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.

#### Loans and receivables

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

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

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

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

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

## 1. Accounting policies (continued)

### Financial liabilities

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

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

### 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

## 1.23 Private Finance Initiative (PFI) and NHS LIFT transactions

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

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

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

### a) Services received

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

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

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

A LIFT liability is recognised at the same time as the LIFT assets are recognised. It is measured initially at the same amount as the fair value of the LIFT assets/present value of the minimum lease payments depending on whether the PCT is likely to exercise its option to purchase the LIFT asset at the end of the lease term. It is subsequently measured as a finance lease liability in accordance with IAS 17.

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

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'Finance Costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

### **c) Lifecycle replacement**

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the PCT's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

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

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

## **1.24 Accounting standards issued but not yet adopted**

IFRIC 19 "Extinguishing financial liabilities with equity instruments" is effective from 1 July 2010. Neither the Treasury FReM nor the Department of Health's manual for Accounts require this standard to be applied in 2010-11. The application of the IFRIC would not have a material impact on the Islington PCT's accounts in 2010-11, were it applied in that year.

## 2. Operating segments

The Commissioning segment of the PCT incurs expenditure with acute trusts and foundation trusts and three major trust trusts account for majority of the expenditure. The Commissioning segment also incurs expenditure on Mental Health and also two prisons. Finally the PCT has pool budgets with the London Borough of Islington.

The Provider arm is set up on an arms length basis and has separate service level agreements with its customers which includes NHS Islington and other providers and PCTs. The Provider arm also maintains financial separation and accounts for its transactions on a separate financial ledger

	Provider		Commissioning		Total	
	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000	2010-11 £000	2009-10 £000
Expenditure	<u>57,863</u>	<u>59,683</u>	<u>439,272</u>	<u>393,701</u>	<u>497,135</u>	<u>453,384</u>
Surplus/(Deficit)						
Segment surplus/(deficit)	2,416	1,539	7,845	(418)	10,261	1,121
Common costs	<u>(57,863)</u>	<u>(59,683)</u>	<u>(439,272)</u>	<u>(393,701)</u>	<u>(497,135)</u>	<u>(453,384)</u>
Surplus/(deficit) before interest	<u>2,416</u>	<u>1,539</u>	<u>7,845</u>	<u>(418)</u>	<u>10,261</u>	<u>1,121</u>
Net Assets:						
Segment net assets	<u>2,486</u>	<u>79</u>	<u>(23,489)</u>	<u>(28,812)</u>	<u>(21,003)</u>	<u>(28,733)</u>

### 3. Financial Performance Targets

#### 3.1 Revenue Resource Limit

	2010-11 £000	2009-10 £000
The PCTs' performance for the year ended 31 March 2011 is as follows:		
Total Net Operating Cost for the Financial Year	468,393	442,040
Non-Discretionary Expenditure <sup>1</sup>	-	1,522
<b>Net Operating Cost less Non Discretionary Expenditure</b>	<b>468,393</b>	<b>440,518</b>
Revenue Resource Limit	478,654	441,639
<b>Under/(Over)spend Against Revenue Resource Limit (RRL)</b>	<b>10,261</b>	<b>1,121</b>

<sup>1</sup> In 2010-11, due to changes in the way PCTs are funded, there is no non-discretionary expenditure

#### 3.2 Capital Resource Limit

	2010-11 £000	2009-10 £000
The PCT is required to keep within its Capital Resource Limit.		
<b>Total Gross Capital Expenditure</b>	<b>850</b>	<b>392</b>
Loss in Respect of Disposals of Donated Assets	0	0
less: Net Book Value of Non-Current Assets Disposed of to NHS Bodies	0	0
less: Net Book Value of Non-Current Assets Disposed of to non-NHS Bodies	(350)	0
less: Net Book Value of Financial Instruments (Investments) Disposed Of to NHS bodies	0	0
less: Net Book Value of Financial Instruments (Investments) Disposed Of to Non-NHS bodies	0	0
less: Capital Grants Received	0	0
less: Donations	0	0
<b>Charge Against the Capital Resource Limit (CRL)</b>	<b>500</b>	<b>392</b>
Capital Resource Limit (CRL)	500	408
<b>(Over)/Underspend Against CRL</b>	<b>0</b>	<b>16</b>

#### 3.3 Provider full cost recovery duty

	2010-11 £000	2009-10 £000
The PCT is required to recover full costs in relation to its provider functions. The performance for 2010-11 is as follows:		
Provider gross operating costs	57,863	59,692
Provider Operating Revenue	(17,268)	(18,602)
<b>Net Provider Operating Costs</b>	<b>40,595</b>	<b>41,090</b>
Costs Met Within PCTs Own Allocation	(43,011)	(42,630)
<b>Under/(Over) Recovery of Costs</b>	<b>(2,416)</b>	<b>(1,540)</b>

**4. Miscellaneous Revenue**

	Appropriated- In-Aid £000	Not Appropriated- In-Aid £000	<b>2010-11 Total £000</b>	2009-10 Total £000
Fees and Charges			<b>0</b>	1
Dental Charge income from Contractor-Led GDS & PDS	1,604		<b>1,604</b>	1,392
Dental Charge income from Trust-Led GDS & PDS	8		<b>8</b>	0
Prescription Charge income	1,118		<b>1,118</b>	8
Strategic Health Authorities		830	<b>830</b>	231
NHS Trusts		1,409	<b>1,409</b>	1,784
NHS Foundation Trusts		1,020	<b>1,020</b>	1,412
Primary Care Trusts Contributions to DATs		1,282	<b>1,282</b>	0
Primary Care Trusts - Other		13,095	<b>13,095</b>	13,557
Primary Care Trusts - Lead Commissioning			<b>0</b>	449
English RAB Special Health Authorities			<b>0</b>	1,446
Other English Special Health Authorities			<b>0</b>	0
Department of Health - SMPTB			<b>0</b>	45
Department of Health - Other		59	<b>59</b>	336
Local Authorities	6,249		<b>6,249</b>	5,805
Patient Transport Services			<b>0</b>	0
Education, Training and Research		1,352	<b>1,352</b>	1,298
Non-NHS: Private Patients			<b>0</b>	0
Non-NHS: Overseas Patients (Non-Reciprocal)			<b>0</b>	0
NHS Injury Costs Recovery			<b>0</b>	0
Other Non-NHS Patient Care Services	349		<b>349</b>	390
Charitable and Other Contributions to Expenditure	680		<b>680</b>	630
Transfers from the Donated Asset Reserve		23	<b>23</b>	23
Transfers from the Government Grant Reserve		2	<b>2</b>	4
Contingent Rental Income from Finance Leases			<b>0</b>	0
Rental Income from Operating Leases			<b>0</b>	0
Other Income	890		<b>890</b>	1,012
<b>Total miscellaneous income</b>	<b>10,898</b>	<b>19,072</b>	<b>29,970</b>	<b>29,823</b>

## 5. Operating Costs

### 5.1 Analysis of operating costs:

	2010-11 £000	2009-10 £000
<b>Goods and Services from Other PCTs</b>		
Healthcare	35,755	40,958
Non-Healthcare	3,435	3,236
<b>Total</b>	<u>39,190</u>	<u>44,194</u>
<b>Goods and Services from Other NHS Bodies other than FTs</b>		
Healthcare	123,760	107,973
Non-Healthcare	581	552
<b>Total</b>	<u>124,341</u>	<u>108,525</u>
Goods and Services from Foundation Trusts	138,531	129,534
Purchase of Healthcare from Non-NHS bodies	35,772	33,097
Social Care from Independent Providers	3,265	3,101
Expenditure on Drugs Action Teams	19	10
Non-GMS Services from GPs	332	160
Contractor Led GDS & PDS (excluding employee benefits)	9,454	9,848
Salaried Trust-Led PDS & PCT DS (excluding employee benefits)	0	26
Chair, Non-executive Directors & PEC remuneration	348	438
Consultancy Services	958	5,031
Prescribing Costs	26,229	24,254
G/PMS, APMS and PCTMS (excluding employee benefits)	31,294	31,238
Pharmaceutical Services	815	476
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	3,655	1,931
General Ophthalmic Services	1,498	1,522
Supplies and Services - Clinical	2,215	1,911
Supplies and Services - General	2,592	2,750
Establishment	3,534	2,803
Transport	88	91
Premises	4,475	4,083
Impairments & Reversals of Property, plant and equipment	74	2,112
Impairments and Reversals of non-current assets held for sale	0	0
Depreciation	978	888
Amortisation	3	7
Impairment & Reversals Intangible non-current assets	0	0
Cost of Capital Charge	0	(765)
Impairment and Reversals of Financial Assets	0	0
Impairment of Receivables	117	344
Inventory write offs	0	0
Research and Development Expenditure	0	0
Audit Fees	209	207
Other Auditors Remuneration	106	122
Clinical Negligence Costs	0	0
Education and Training	0	0
Other	8,618	8,925
<b>Total Operating costs charged to Statement of Comprehensive Net Expenditure</b>	<u>438,710</u>	<u>416,863</u>
<b>Employee Benefits</b>		
Employee Benefits associated with PCTMS	641	802
Trust led PDS and PCT DS	966	
PCT Officer Board Members	761	604
Other Employee Benefits	56,057	52,465
<b>Total Employee Benefits charged to OCS</b>	<u>58,425</u>	<u>53,871</u>
<b>Total Operating Costs</b>	<u>497,135</u>	<u>470,734</u>

other expenditure includes expenditure related to Prisons £5.3m, legal fees £1m, finance charge £1m, and clinical negligence £0.5m and miscellaneous £0.9m

<b>5.2 Analysis of operating expenditure by expenditure classification</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>£000</b>	<b>£000</b>
<b>Purchase of Primary Health Care</b>		
GMS / PMS/ APMS / PCTMS	31,935	31,645
Prescribing costs	26,229	24,254
Contractor led GDS & PDS	9,454	9,848
Trust led GDS & PDS	966	26
General Ophthalmic Services	1,498	1,522
Department of Health Initiative Funding	0	0
Pharmaceutical services	815	476
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	3,655	1,931
Non-GMS Services from GPs	332	160
Other	0	0
<b>Total Primary Healthcare purchased</b>	<b>74,884</b>	<b>69,862</b>
<b>Purchase of Secondary Healthcare</b>		
Learning Difficulties	9,773	9,370
Mental Illness	64,897	56,477
Maternity	10,543	10,460
General and Acute	182,871	176,950
Accident and emergency	8,530	7,542
Community Health Services	79,056	79,771
Other Contractual	56,146	55,824
<b>Total Secondary Healthcare Purchased</b>	<b>411,816</b>	<b>396,394</b>
<b>Grant Funding</b>		
Grants (revenue) to fund Capital Projects - GMS	0	0
Grants (revenue) to LAs to fund Capital Projects	0	0
Grants (revenue) to private sector to fund Capital Projects	228	431
Grants (revenue) to fund Capital Projects - Dental	0	0
Grants (revenue) to fund Capital Projects - other	0	0
<b>Total Healthcare Purchased by PCT</b>	<b>486,928</b>	<b>466,687</b>
<b>PCT self-provided secondary healthcare included above</b>	<b>43,011</b>	<b>42,630</b>

The comparators on Purchase of Secondary Healthcare showing improved activity information.

## 6. Operating Leases

The PCT has an on-going property lease with Bolton's Ltd (the Landlord) over the premises situated at 338-346, Goswell Road for a ten year term that commenced on 23 June 2004 and will expire on the 22 June 2014.

The quarterly rental for 2010-11 was £217,074 excluding vat and will be reviewed on the fifth anniversary of the term commencement date being 23 June 2009. The PCT (as Tenant) has no option to purchase the leased property on expiry of the lease term.

The PCT also has a property lease for the Health Centre premises at Highbury Grange, N5 2QB for a term of 20 years that commenced on 21 January 2010 and will expire on 20 January 2030. The annual rent is £99,500 per annum and has a contractual right to renew the lease. The lease contains a prohibition or restriction on disposing of this lease.

Simmonds House Operating lease - The costs incurred to refurbish Simmonds House were capitalised as leasehold improvements when the project was completed on 10 July 2009. These assets conform to the requirements of IAS16 in that they A) are held for use in the production of goods or supply of services for rental to others, or for administrative purposes; and B) are expected to be used during more than one period.

The PCT has used these assets to deliver its CAMHS services.

6.1 PCT as lessee	Buildings £000	Land £000	Other £000	2010-11	2009-10
				Total £000	£000
<b>Payments recognised as an expense</b>					
Minimum lease payments	-	-	-	1,566	1,189
Contingent rents	-	-	-	0	0
Sub-lease payments	-	-	-	0	0
<b>Total</b>	-	-	-	<b>1,566</b>	<b>1,189</b>
<b>Payable:</b>					
No later than one year	1,556	0	0	1,556	1,450
Between one and five years	4,473	0	0	4,473	5,741
After five years	3,348	0	0	3,348	4,416
<b>Total</b>	<b>9,377</b>	<b>0</b>	<b>0</b>	<b>9,377</b>	<b>11,607</b>

Total future sublease payments expected to be received: £0

## 7. Employee benefits and staff numbers

### 7.1 Employee benefits

	2010-11			2009-10		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	46,541	38,576	7,965	46,471	37,241	9,230
Social security costs	3,084	3,084	0	2,820	2,820	0
Employer contributions to NHS Pensions scheme	4,826	4,826	0	4,580	4,580	0
Other pension costs	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits *	3,974	3,974	0	0	0	0
<b>Total employee benefits</b>	<b>58,425</b>	<b>50,460</b>	<b>7,965</b>	<b>53,871</b>	<b>44,641</b>	<b>9,230</b>

#### Recognised as:

Commissioning employee benefits	16,296	10,926
Provider employee benefits	42,129	42,945
Employee benefits capitalised as part of assets	0	0
<b>Total</b>	<b>58,425</b>	<b>53,871</b>

\* Termination benefits above includes £2,763,000 as provisions.

### 7.2 Staff Numbers

	2010-11			2009-10		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	56	49	8	50	49	1
Ambulance staff	0	0	0	0	0	0
Administration and estates	452	354	97	416	313	103
Healthcare assistants & other support staff	151	147	4	125	123	2
Nursing, midwifery & health visiting staff	276	226	50	273	213	60
Nursing, midwifery & health visiting learners	0	0	0	0	0	0
Scientific, therapeutic and technical staff	267	246	22	287	269	18
Social Care staff	0	0	0	0	0	0
Other	1	0	1	2	1	1
<b>Total staff numbers</b>	<b>1203</b>	<b>1022</b>	<b>181</b>	<b>1,153</b>	<b>968</b>	<b>185</b>

Numbers of staff above (wte) whose costs have been capitalised: £0

### 7.3 Staff Sickness absence

	2010-11 Number	2009-10 Number
Days Lost (Short Term)	5,784	5,336
<b>Total Days Lost</b>	<b>5,784</b>	<b>5,336</b>
<b>Total Staff Years</b>	<b>1,020</b>	<b>923</b>
Average working Days Lost	5.67	5.78

**7.4 Exit Packages for staff leaving in 2010-11**

Exit package cost band (including any special payment element)	2010-11			2009-10			Total number of exit packages by cost band
	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed		
	Number	Number	Number	Number	Number	Number	
<£20,001	7	12	19	0	0	0	
£20,001 - £40,000	4	13	17	1	0	1	
£40,001 - 100,000	2	5	7	2	0	2	
£100,001- £150,000	0	0	0	0	0	0	
£150,001- £200,000	0	0	0	0	0	0	
>£200,001	0	0	0	0	0	0	
<b>Total number of exit packages by type (total cost)</b>	<b>13</b>	<b>30</b>	<b>43</b>	<b>3</b>	<b>0</b>	<b>3</b>	
<b>Total resource cost (£000s)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Redundancy and other departure costs have been paid in accordance with the provisions of the Agenda for Change Scheme. **Exit costs in this note are accounted for in full in the year of departure** Where the PCT has agreed early retirements, the additional costs are met by the PCT and not by the NHS pensions scheme. Ill-health retirement costs are met by the NHS pensions scheme and are not included in the table. The MARS scheme was used to make one payment.

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

## 7.4 Pension costs

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

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

### a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

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

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

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

### b) Accounting valuation

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

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

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

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

### c) Scheme provisions

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

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

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

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year.

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

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

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

### 7.5.1 PCT Management Costs

	2010-11	2009-10
Management costs (£000s)	8,849	10,653
Weighted population (number in units)	238,388	236,837
Management Cost per weighted head of population (£ per head)	37	45

### 7.5.2 Commissioning Management Costs

	2010/11	2009/10
Management costs (£000s)	6,219	7,020
Weighted population (number in units)	238,388	236,837
Management Cost per weighted head of population (£ per head)	26	30

### 7.5.3 Provider Management Costs

	2010/11	2009/10
Management costs (£000s)	2,630	3,633
Revenue	60,279	61,232

The major difference in the management cost between 2009-10 and 2010-11 reflects the non recurrent cost of implementing the world class commissioning programme in 2009-10 and revised interpretation of the interim costs so that only the true management element is included.

### 7.6 Running Costs <sup>1</sup>

	2010-11	
	Commissioning services	Public health
Running costs (£000s)	14509	933
Weighted population (number in units)	238388	238388
Running costs per head of population (£ per head)	60.86	3.91

### 7.7 Total Public Health Expenditure <sup>1</sup>

	2010-11 £000
Total public health expenditure <sup>1</sup>	12262

<sup>1</sup> Running costs and public health expenditure separately identified for the first time in 2010-11.

## 8. Better Payment Practice Code

### 8.1 Measure of compliance

	2010-11 Number	2010-11 £000	2009-10 Number	2009-10 £000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade Invoices Paid in the Year	32,721	72,459	31,595	61,448
Total Non-NHS Trade Invoices Paid Within Target	27,030	50,448	29,454	57,643
Percentage of Non-NHS Trade Invoices Paid Within Target	82.61%	69.62%	93.22%	93.81%
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	4,264	375,111	2,626	345,592
Total NHS Trade Invoices Paid Within Target	2,579	350,183	2,073	334,326
Percentage of NHS Trade Invoices Paid Within Target	60.48%	93.35%	78.94%	96.74%

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

	2010-11 £000	2009-10 £000
Amounts included in finance costs from claims made under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

<b>9. Investment Income</b>	<b>2010-11</b>	2009-10
<b>Rental Income</b>	<b>£000</b>	£000
PFI finance lease income		
planned	0	0
contingent	0	0
Other finance lease revenue	0	0
<b>Interest Income</b>		
LIFT: equity dividends receivable	0	0
LIFT: loan interest receivable	21	20
Bank interest	0	0
Other loans and receivables	0	0
Impaired financial assets	0	0
Other financial assets	0	0
<b>Total investment income</b>	<b><u>21</u></b>	<b><u>20</u></b>

<b>10. Other Gains and Losses</b>	<b>2010-11</b>	2009-10
	<b>£000</b>	£000
Gain/(loss) on disposal of property, plant and equipment	0	0
Gain/(loss) on disposal of intangible assets	0	0
Gain/(loss) on disposal of financial assets	0	0
Gain/(loss) on foreign exchange	0	0
Change in fair value of financial assets carried at fair value through the SoCNE	0	0
Change in fair value of financial liabilities carried at fair value through the SoCNE	0	0
Recycling of gain/(loss) from equity on disposal of financial assets held for sale	0	0
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>

<b>11. Finance Costs</b>	<b>2010-11</b>	2009-10
	<b>£000</b>	£000
<b>Interest</b>		
Interest on obligations under finance leases	0	0
Interest on obligations under PFI contracts:		
- main finance cost	0	0
- contingent finance cost	0	0
Interest on obligations under LIFT contracts:		
- main finance cost	685	688
- contingent finance cost	89	37
Provisions - unwinding of discount	475	424
Interest on late payment of commercial debt	0	0
Other interest expense	0	0
Other finance costs	0	0
<b>Total</b>	<b><u>1,249</u></b>	<b><u>1,149</u></b>

**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
<b>2010-11</b>									
<b>Cost or valuation:</b>									
<b>At 1 April 2010</b>	4,629	19,224	0	74	279	0	2,059	534	<b>26,799</b>
Additions Purchased	0	0	0	850	0	0	0	0	<b>850</b>
Additions Donated	0	0	0	0	0	0	0	0	<b>0</b>
Additions Government Granted	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications as Held for Sale	(350)	0	0	0	0	0	0	0	<b>(350)</b>
Disposals other than for sale	0	0	0	0	0	0	0	0	<b>0</b>
Upward revaluation/positive indexation	0	2,879	0	0	0	0	0	0	<b>2,879</b>
Impairments/negative indexation	0	0	0	0	0	0	0	0	<b>0</b>
Reversal of Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Transfers (to)/from NHS Bodies	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2011</b>	<b>4,279</b>	<b>22,103</b>	<b>0</b>	<b>924</b>	<b>279</b>	<b>0</b>	<b>2,059</b>	<b>534</b>	<b>30,178</b>
<b>Depreciation</b>									
<b>At 1 April 2010</b>	0	0	0		139	0	1,481	243	<b>1,863</b>
Reclassifications		0	0		0	0	0	0	<b>0</b>
Reclassifications as Held for Sale	0	0	0		0	0	0	0	<b>0</b>
Disposals other than for sale	0	0	0		0	0	0	0	<b>0</b>
Upward revaluation/positive indexation	0	1,004	0		0	0	0	0	<b>1,004</b>
Impairments	0	0	0	74	0	0	0	0	<b>74</b>
Reversal of Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Charged During the Year	0	720	0		19	0	187	52	<b>978</b>
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2011</b>	<b>0</b>	<b>1,724</b>	<b>0</b>	<b>74</b>	<b>158</b>	<b>0</b>	<b>1,668</b>	<b>295</b>	<b>3,919</b>
<b>Net book value at 31 March 2011</b>	<b>4,279</b>	<b>20,379</b>	<b>0</b>	<b>850</b>	<b>121</b>	<b>0</b>	<b>391</b>	<b>239</b>	<b>26,259</b>
Purchased	4,279	19,789	0	850	121	0	391	239	<b>25,669</b>
Donated	0	525	0	0	0	0	0	0	<b>525</b>
Government Granted	0	65	0	0	0	0	0	0	<b>65</b>
<b>Total at 31 March 2011</b>	<b>4,279</b>	<b>20,379</b>	<b>0</b>	<b>850</b>	<b>121</b>	<b>0</b>	<b>391</b>	<b>239</b>	<b>26,259</b>
<b>12.2 Asset financing:</b>									
Owned	4,279	15,293	0	850	121	0	391	239	<b>21,173</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SOFP PFI contracts	0	5,086	0	0	0	0	0	0	<b>5,086</b>
PFI residual: interests	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total</b>	<b>4,279</b>	<b>20,379</b>	<b>0</b>	<b>850</b>	<b>121</b>	<b>0</b>	<b>391</b>	<b>239</b>	<b>26,259</b>

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

	Land	Buildings	Dwellings	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
At 1 April 2010	3,467	6,269	0	15	0	3	28	<b>9,782</b>
Movements - increase in revaluation	0	1,842	0	0	0	0	0	<b>1,842</b>
<b>At 31 March 2011</b>	<b>3,467</b>	<b>8,111</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>3</b>	<b>28</b>	<b>11,624</b>

## 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
<b>2009-10</b>									
<b>Cost or valuation:</b>									
<b>At 1 April 2009</b>	4,629	18,381	0	5,166	279	0	1,667	534	<b>30,656</b>
Additions - purchased	0	0	0	0	0	0	392	0	<b>392</b>
Additions - donated	0	0	0	0	0	0	0	0	<b>0</b>
Additions - government granted	0	0	0	0	0	0	0	0	<b>0</b>
Reclassifications	0	5,092	0	(5,092)	0	0	0	0	<b>0</b>
Reclassified as held for sale	0	0	0	0	0	0	0	0	<b>0</b>
Disposals other than by sale	0	0	0	0	0	0	0	0	<b>0</b>
Revaluation & indexation gains	0	183	0	0	0	0	0	0	<b>183</b>
Impairments	0	(1,482)	0	0	0	0	0	0	<b>(1,482)</b>
Reversals of impairments	0	3	0	0	0	0	0	0	<b>3</b>
In-year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2010</b>	<b>4,629</b>	<b>22,177</b>	<b>0</b>	<b>74</b>	<b>279</b>	<b>0</b>	<b>2,059</b>	<b>534</b>	<b>29,752</b>
<b>Depreciation</b>									
<b>At 1 April 2009</b>					112	0	1,399	191	<b>1,702</b>
Reclassifications		0	0		0	0	0	0	<b>0</b>
Reclassifications as Held for Sale	0	0	0		0	0	0	0	<b>0</b>
Disposals other than for sale	0	0	0		0	0	0	0	<b>0</b>
Upward revaluation/positive indexation	0	114	0		0	0	0	0	<b>114</b>
Impairments	0	2,112	0	0	0	0	0	0	<b>2,112</b>
Reversal of Impairments	0	0	0	0	0	0	0	0	<b>0</b>
Charged During the Year	0	727	0		27	0	82	52	<b>888</b>
Transfers to NHS Bodies	0	0	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2010</b>	<b>0</b>	<b>2,953</b>	<b>0</b>	<b>0</b>	<b>139</b>	<b>0</b>	<b>1,481</b>	<b>243</b>	<b>4,816</b>
<b>Net book value</b>	<b>4,629</b>	<b>19,224</b>	<b>0</b>	<b>74</b>	<b>140</b>	<b>0</b>	<b>578</b>	<b>291</b>	<b>24,936</b>
<b>12.2 Asset financing:</b>									
<b>Owned</b>	4,629	14,145	0	74	140	0	578	291	<b>19,857</b>
Held on finance lease	0	0	0	0	0	0	0	0	<b>0</b>
On-SOFP PFI contracts	0	5,079	0	0	0	0	0	0	<b>5,079</b>
PFI residual: interests	0	0	0	0	0	0	0	0	<b>0</b>
	<b>4,629</b>	<b>19,224</b>	<b>0</b>	<b>74</b>	<b>140</b>	<b>0</b>	<b>578</b>	<b>291</b>	<b>24,936</b>

## 12 (cont). Property, plant and equipment

For assets that have been held at revalued amounts details of the valuation exercise are stated below.

- the effective date of revaluation is 31st March 2011
- carried out by the District Valuer
- methods used are in accordance with RICS guidance the Modern Equivalent Asset(MEA) valuation.
- This is a change in their NHS application of RICS methodology and not a change of accounting policy.

In selecting the site on which the modern equivalent asset would be situated, the valuer has considered in discussion with you whether the actual site remains appropriate, in accordance with Section 7 of RICS Valuation Information Paper 10. For central government entities, HM Treasury guidance is that the choice of whether to value an alternative site will normally hinge on whether the proposed alternative site will meet the locational requirements of the service that is being provided (Treasury Guidance Note paragraphs 1.14 to 1.16).

The land has been valued assuming the benefit of planning permission for development for a use, or a range of uses, prevailing in the vicinity of the actual site. In these circumstances, the Market Value for the existing use of the land has been arrived at having regard to the cost of purchasing a notional replacement site in the same locality that would be equally suitable for the existing use and of the same size, with normally the same physical and locational characteristics as the actual site, other than characteristics of the actual site that are irrelevant, or of no value, to the existing use.

The effect of the revaluation resulted in a net upward revaluation of £1,874,756. In accordance with IAS16 under IFRS a valuation of buildings was undertaken by the District Valuer(DV) on 31 March 2011. The valuation of each property was on the basis of Market Value on the assumption that the property is sold as part of the continuing enterprise in occupation (effectively Existing Use Value) as non-specialised asset.

The estimated lives of fixed assets are as follows:

- Software Licences - 3 years
- Buildings excl. Dwellings - 7 to 95 years
- Plant & machinery - 7 -11 years
- Information Technology - 3 - 15 years
- Furniture & Fittings - 10 years

### 13.1 Intangible non-current assets

	Software purchased	Software internally generated	Licences & trademarks	Patents	Development expenditure	Total
2010-11	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>						
At 1 April 2010	120	0	0	0	0	120
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
<b>At 31 March 2011</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120</b>
<b>Amortisation</b>						
At 1 April 2010	113	0	0	0	0	113
Charged in-year	3	0	0	0	0	3
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
<b>At 31 March 2011</b>	<b>116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>116</b>
<b>NBV at 31 March 2011</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
<b>Net book value at 31 March 2011 comprises:</b>						
Purchased	4	0	0	0	0	4
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2011</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

### 13.1 Intangible non-current assets

	Software purchased	Software internally generated	Licences & trademarks	Patents	Development expenditure	Total
	£000	£000	£000	£000	£000	£000
<b>2009-10</b>						
<b>Cost or valuation:</b>						
At 1 April 2009	120	0	0	0	0	120
Additions - purchased	0	0	0	0	0	0
Additions - internally generated	0	0	0	0	0	0
Additions - donated	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Reclassified as held for sale	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0
Revaluation & indexation gains	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0
In-year transfers to/from NHS bodies	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120</b>
<b>Amortisation</b>						
At 1 April 2009	106	0	0	0	0	106
Charged During the Year	7	0	0	0	0	7
Impairments	0	0	0	0	0	0
Reversal of Impairments	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluation/Indexation gains	0	0	0	0	0	0
Reclassified as Held for Sale	0	0	0	0	0	0
Disposals other than for sale	0	0	0	0	0	0
In-year transfers to NHS bodies	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>113</b>
<b>Net book value at 31 March 2010</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Net book value at 31 March 2010 comprises:</b>						
Purchased	7	0	0	0	0	7
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
<b>Total at 31 March 2010</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>

**13.2 Intangible non-current assets**

There was none

**13.3 Revaluation reserve balance for intangible assets**

	2010-11 £000	2009-10 £000
At 1 April	0	0
Changes	0	0
<b>At 31 March</b>	<b>0</b>	<b>0</b>

#### 14. Impairments

£74,000

Abandoned project

This represents capital expenditure including indexation of £74,379 incurred from LDDF capital funds of £70,000 for a business case in respect of a review of Learning Disability Services across the sector and in the course of construction and did not give rise to any underlying fixed assets of a tangible nature. Further no capital expenditure was incurred in subsequent years to acquire any tangible fixed assets. It resulted in policy decisions on how to provide access to healthcare services pertaining to learning disability services instead of any tangible facilities for provision of the service.

#### 15. Non-current assets held for sale

	Land	Buildings, excl. dwellings	Dwellings	Other property, plant and equipment	Intangible assets	Total
	£000	£000	£000	£000	£000	£000
Balance brought forward 1 April 2010	0	0	0		0	0
Plus assets classified as held for sale in the year	350	0	0		0	350
Less assets sold in the year	(350)	0	0		0	(350)
Less impairment of assets held for sale	0	0	0		0	0
Plus reversal of impairment of assets held for sale	0	0	0		0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0		0	0
Transfers (to)/from other bodies	0	0	0		0	0
<b>Balance carried forward 31 March 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Balance brought forward 1 April 2009	0	0	0	0	0	0
Plus assets classified as held for sale in the year	0	0	0	0	0	0
Less assets sold in the year	0	0	0	0	0	0
Less impairment of assets held for sale	0	0	0	0	0	0
Plus reversal of impairment of assets held for sale	0	0	0	0	0	0
Less assets no longer classified as held for sale, for reasons other than disposal by sale	0	0	0	0	0	0
<b>Balance carried forward 31 March 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 16 Inventories

none

### 17.1 Trade and other receivables

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
NHS receivables - revenue	4,685	6,207	0	0
NHS receivables - Capital	0	0	0	0
Non-NHS receivables - revenue	0	0	0	0
Non-NHS receivables - capital	315	0	0	0
Provision for the impairment of receivables	(574)	(457)	0	0
VAT	188	343	0	0
Prepayments & other accrued income	69	3,221	2,790	0
Finance Lease Receivables	0	0	0	0
Operating Lease Receivables	0	0	0	0
Other Receivables	3,051	3,502	0	0
<b>Total</b>	<b>7,734</b>	<b>12,816</b>	<b>2,790</b>	<b>0</b>

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

	31 March 2011 £000	31 March 2010 £000
By up to three months	0	2,143
By three to six months	0	135
By more than six months	0	36
<b>Total</b>	<b>0</b>	<b>2,314</b>

### 17.3 Provision for impairment of receivables

	2010-11 £000	2009-10 £000
<b>Balance at 1 April</b>	<b>(457)</b>	<b>(113)</b>
Amount written off during the year	0	0
Amount recovered during the year	263	0
(Increase)/decrease in receivables impaired	(380)	(344)
<b>Balance at 31 March</b>	<b>(574)</b>	<b>(457)</b>

Based on current market value and provided for on PCT's bad debt policy

## 18. Trade and other payables

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Interest payable	0	0		
Payments received on account	0	0		
NHS payables - revenue	13,947	20,007	0	0
NHS Payables - capital	0	0	0	0
FHS Payables	4,631	4,727		
Non-NHS trade payables - revenue	5,790	7,632	0	0
Non-NHS trade payables - capital	782	0	0	0
Tax and Social Security Costs	1,051	994		
VAT	0	0	0	0
Other Payables	6,663	8,834	0	0
Accruals & Deferred Income	6,583	8,635		
<b>Total</b>	<b>39,447</b>	<b>50,829</b>	<b>0</b>	<b>0</b>

Other payables include £0 (2009-10: £0) in respect of payments due in future years under arrangements to buy out the liability for 0 early retirements over 5 instalments; and £0 (2009-10: £0) in respect of outstanding pensions contributions at 31 March 2011 (31 March 2010: £0).

Accruals includes £738k of redundancy payments following the restructuring of the North Central London sector management arrangements.

## 19. Borrowings

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Bank overdraft - Office of HM Paymaster General / Government Banking Service	0	0		
Bank overdraft - Commercial banks	0	0		
Finance lease liabilities	91	38	6,066	6,157
PFI liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
LIFT liabilities:				
Main liability	0	0	0	0
Lifecycle replacement received in advance	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>91</b>	<b>38</b>	<b>6,066</b>	<b>6,157</b>

## 20. Other liabilities

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
PFI/LIFT deferred credit	0	0	0	0
Lease incentives	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 21. Provisions

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Pensions relating to former directors	13	11	286	281
Pensions relating to other staff	759	717	7,000	7,119
Legal claims	30	17	92	116
Restructurings	0	0	0	0
Continuing Care	0	0	0	171
Agenda for Change	0	0	0	0
Equal Pay	0	0	0	0
Other (specify)	0	12	1,570	1,489
Redundancy	2,763	-	0	-
<b>Total</b>	<b>3,565</b>	<b>757</b>	<b>8,948</b>	<b>9,176</b>

	Pensions relating to former directors £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Redundancy £000	Total £000
<b>At 1 April 2010</b>	292	7,836	133	0	1,672	0	<b>9,933</b>
Arising during the year	0	243	0	0	0	2,763	<b>3,006</b>
Utilised during the year	(8)	(705)	(17)	0	0	0	<b>(730)</b>
Reversed unused	0	0	0	0	(171)	0	<b>(171)</b>
Unwinding of discount	15	385	6	0	69	0	<b>475</b>
Transferred in-year	0	0	0	0	0	0	<b>0</b>
<b>At 31 March 2011</b>	<b>299</b>	<b>7,759</b>	<b>122</b>	<b>0</b>	<b>1,570</b>	<b>2,763</b>	<b>12,513</b>
<b>Expected timing of cash flows:</b>							
Within one year	8	705	17	0	0	2,763	<b>3,493</b>
Between one and five years	32	2,820	68	0	1,570	0	<b>4,490</b>
After five years	259	4,234	37	0	0	0	<b>4,530</b>

£236,210 is included in the provisions of the NHS Litigation Authority at 31/3/2011 in respect of clinical negligence liabilities of the PCT (31/03/2010, £0).

£7,264,474 relates to Pre 95 early retirements. £1,486,811 has been provided for dilapidations for leasehold properties held by the PCT.

## 22. Contingencies

	31 March 2011 £000	31 March 2010 £000
Contingent liabilities	0	0
Contingent assets	0	0

## 23. Commitments

### 23a. Capital Commitments

Contracted capital commitments at 31 March 2011 not otherwise included in these financial statements:

	31 March 2011 £000	31 March 2010 £000
Property, plant and equipment	0	0
Intangible assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 24. Other financial liabilities

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
<b>Financial liabilities carried at fair value through profit and loss</b>				
Embedded Derivatives at Fair Value through SoCNE	0	0	0	0
Other Financial Liabilities at Fair Value through Profit and Loss	0	0	0	0
Amortised Cost	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 25. Finance lease obligations

Amounts payable under finance leases (Buildings)	Minimum lease payments		Present value of minimum lease payments	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Within one year	767	723	90	38
Between one and five years	2,934	3,002	350	374
After five years	12,068	12,768	5,717	5,783
Less future finance charges	(9,612)	(10,298)	-	-
Present value of minimum lease payments	<u>6,157</u>	<u>6,195</u>	<u>6,157</u>	<u>6,195</u>
Included in:				
Current borrowings			91	38
Non-current borrowings			6,066	6,157
			<u>6,157</u>	<u>6,195</u>

Amounts payable under finance leases (Land)	Minimum lease payments		Present value of minimum lease	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Within one year	0	0	0	0
Between one and five years	0	0	0	0
After five years	0	0	0	0
Less future finance charges	0	0	-	-
Present value of minimum lease payments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The total finance lease obligations of £6157,399 relate to the Lift properties Partnership Primary Care £3,071,828, Bingfield Street Primary Care £2,058,774 and Hanley Road Primary Care £1,026,797.

**26. Finance lease receivables (i.e. as lessor)**

none

## 27. PFI and NHS LIFT Schemes

### 27.1 PFI and NHS LIFT schemes off-Statement of Financial Position

none

### 27.2 PFI and NHS LIFT schemes on-Statement of Financial Position

#### Bingfield Primary Care

The operator (Liftco) is required to make the newly created service asset and facilities available to the PCT for use as a GP Surgery and in accordance with the output specification set out in the Lease Plus Agreement (clauses 6 and 8 regarding construction and clause 34 regarding service provision). The Lift facility includes majority of the features typically included in a service concession according to IFRIC12 and in particular meet the definition of Infrastructure within IFRIC12 in that this is used for provision of a public service. The assets were constructed specifically for the purpose of the arrangement and Liftco is obligated to manage, operate and maintain the property and the PCT has the right to expect provision of the specified service.

The construction work was completed and the newly created asset made available on 30 June 2005 and will continue to be available until 30 June 2030.

The initial value at inception of the Lift scheme recognised is the present value of minimum lease payments on the assumption that the PCT will not exercise the option to purchase the infrastructure asset on expiry of the initial term of the Lease Plus Agreement.

The Payment Mechanism in the Lease Plus agreement provides for the amount the PCT must pay Liftco(CICS1) for the use of the service assets and do not allow Liftco to charge the PCT for access to these assets. The treatment for the leaseplus payment is accounted by splitting them into elements namely, payment for services (including pass-through and utilities costs), payment for the property (comprising repayment of the liability, finance charge and contingent rental) and payment for lifecycle replacement.

The lease Plus Agreement provide that Operator's (Liftco) rights and responsibilities shall cease on expiry of the term of 25 years as defined in Schedule 1(of the LPA).

In addition clause 5A and schedule 14A provide that the PCT may exercise an option to purchase the service assets on expiry of the term and at an amount based on the assets' Open Market Value(OMV)held within the Financial Model. While residual value risk is shared between the PCT and Liftco, the PCT has full control over the asset's residual interest because Liftco's option to purchase will restrict Liftco's right to sell or pledge the infrastructure on expiry of the term.

The basis for re-pricing or re-negotiation is determined on the basis of Schedule 14 of Lease Plus Agreement. The possibility of option being exercised would require a formal valuation of estimated residual value and where option price is expected at the outset to be not sufficiently below expected fair value of the asset at end of the contract then no presumption of the option being exercised would arise.

Therefore the property associated with the service is recorded as a tangible fixed asset in accordance with IAS16 and the associated long term liability to pay for the asset in accordance with IAS17.

#### Hanley Primary Care

The operator (Liftco) is required to make the newly created service asset and facilities available to the PCT for use as a Community Health Centre accomodation and in accordance with the output specification set out in the Lease Plus Agreement (clauses 6 and 8 regarding construction and clause 34 regarding service provision). The Lift facility includes majority of the features typically included in a service concession according to IFRIC12 and in particular meet the definition of Infrastructure within IFRIC12 in that this is used for provision of a public service. The assets were constructed specifically for the purpose of the arrangement and Liftco is obligated to manage, operate and maintain the property and the PCT has the right to expect provision of the specified service.

The construction work was completed and the newly created asset made available on 28 February 2005 and will continue to be available until 30 June 2030.

The initial value at inception of the Lift scheme recognised is the present value of minimum lease payments on the assumption that the PCT will not exercise the option to purchase the infrastructure asset on expiry of the initial term of the Lease Plus Agreement.

The Payment Mechanism in the Lease Plus agreement provides for the amount the PCT must pay Liftco(CICS1) for the use of the service assets and do not allow Liftco to charge the PCT for access to these assets. The treatment for the leaseplus payment is accounted by splitting them into elements namely, payment for services (including pass-through and utilities costs), payment for the property (comprising repayment of the liability, finance charge and contingent rental) and payment for lifecycle replacement.

The lease Plus Agreement provide that Operator's (Liftco) rights and responsibilities shall cease on expiry of the term of 25 years as defined in Schedule 1 (of the LPA).

## 27. PFI and NHS LIFT Schemes (continued)

### 27.2 PFI and NHS LIFT schemes on-Statement of Financial Position (continued)

The basis for re-pricing or re-negotiation is determined on the basis of Schedule 14 of Lease Plus Agreement. The possibility of option being exercised would require a formal valuation of estimated residual value and where option price is expected at the outset to be not sufficiently below expected fair value of the asset at end of the contract then no presumption of the option being exercised would arise.

Therefore the property associated with the service is recorded as a tangible fixed asset in accordance with IAS16 and the associated long term liability to pay for the asset in accordance with IAS17.

#### Partnership Primary Care (Prospect Place)

The operator (Liftco) is required to make the newly created service asset and facilities available to the PCT for use as a Primary Care Centre and in accordance with the output specification set out in the Lease Plus Agreement (clauses 6 and 8 regarding construction and clause 34 regarding service provision). The Lift facility includes majority of the features typically included in a service concession according to IFRIC12 and in particular meet the definition of Infrastructure within IFRIC12 in that this is used for provision of a public service. The assets were constructed specifically for the purpose of the arrangement and Liftco is obligated to manage, operate and maintain the property and the PCT has the right to expect provision of the specified service.

The construction work was completed and the newly created asset made available on 30 September 2006 and will continue to be available until 30 June 2030.

The initial value at inception of the Lift scheme recognised is the present value of minimum lease payments on the assumption that the PCT will not exercise the option to purchase the infrastructure asset on expiry of the initial term of the Lease Plus Agreement.

The Payment Mechanism in the Lease Plus agreement provides for the amount the PCT must pay Liftco(CICS1) for the use of the service assets and do not allow Liftco to charge the PCT for access to these assets. The treatment for the leaseplus payment is accounted by splitting them into elements namely, payment for services (including pass-through and utilities costs), payment for the property (comprising repayment of the liability, finance charge and contingent rental) and payment for lifecycle replacement.

The lease Plus Agreement provide that Operator's (Liftco) rights and responsibilities shall cease on expiry of the term of 25 years as defined in Schedule 1(of the LPA).

In addition clause 5A and schedule 14A provide that the PCT may exercise an option to purchase the service assets on expiry of the term and at an amount based on the assets' Open Market Value(OMV)held within the Financial Model. While residual value risk is shared between the PCT and Liftco, the PCT has full control over the asset's residual interest because Liftco's option to purchase will restrict Liftco's right to sell or pledge the infrastructure on expiry of the term.

The basis for re-pricing or re-negotiation is determined on the basis of Schedule 14 of Lease Plus Agreement. The possibility of option being exercised would require a formal valuation of estimated residual value and where option price is expected at the outset to be not sufficiently below expected fair value of the asset at end of the contract then no presumption of the option being exercised would arise.

Therefore the property associated with the service is recorded as a tangible fixed asset in accordance with

IAS16 and the associated long term liability to pay for the asset in accordance with IAS17.

- changes in the arrangement occurring during the period, and

- that, under IFRIC 12, the asset is treated as an asset of the trust; that the substance of the contract is that the trust has a finance lease and payments comprise two elements – imputed finance lease charges and service charges – and provide details of the imputed finance lease charges in the table below.

Total obligations for on-Statement of Financial Position PFI/NHS LIFT contracts due:

	<b>31 March 2011</b>	31 March 2010
	<b>£000</b>	£000
Not later than one year	<b>767</b>	723
Later than one year, not later than five years	<b>2,934</b>	3,002
Later than five years	<b>12,068</b>	12,768
Sub total	<b>15,769</b>	16,493
Less: interest element	<b>(9,612)</b>	(10,298)
<b>Total</b>	<b><u>6,157</u></b>	<u>6,195</u>

## **28. Financial Instruments**

### **Financial risk management**

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

### **Currency risk**

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

### **Interest rate risk**

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

### **Credit Risk**

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

### **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.

**28.1 Financial Assets**

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000	£000	£000	£000
Embedded derivatives	0			0
Receivables - NHS		4,685		4,685
Receivables - non-NHS		3,368		3,368
Cash at bank and in hand		67		67
Other financial assets	0	261	0	261
<b>Total at 31 March 2011</b>	<b>0</b>	<b>8,381</b>	<b>0</b>	<b>8,381</b>
Embedded derivatives	0			0
Receivables - NHS		6,207		6,207
Receivables - non-NHS		3,502		3,502
Cash at bank and in hand		205		205
Other financial assets	0	260	0	260
<b>Total at 31 March 2010</b>	<b>0</b>	<b>10,174</b>	<b>0</b>	<b>10,174</b>

**28.2 Financial Liabilities**

	At 'fair value through profit and loss'	Other	Total
	£000	£000	£000
Embedded derivatives	0	0	0
NHS payables		13,948	13,948
Non-NHS payables		17,061	17,061
Other borrowings		0	0
PFI & finance lease obligations		6,157	6,157
Other financial liabilities	0	8,154	8,154
<b>Total at 31 March 2011</b>	<b>0</b>	<b>45,320</b>	<b>45,320</b>
Embedded derivatives	0		0
NHS payables		20,007	20,007
Non-NHS payables		20,432	20,432
Other borrowings		0	0
PFI & finance lease obligations		6,195	6,195
Other financial liabilities	0	10,136	10,136
<b>Total at 31 March 2010</b>	<b>0</b>	<b>56,770</b>	<b>56,770</b>

**29. NHS LIFT Investments**

	Loan £000	Share capital £000	Total £000
<b>Balance at 31 March 2010</b>	<b>258</b>	<b>2</b>	<b>260</b>
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance as at 31 March 2011</b>	<b>258</b>	<b>2</b>	<b>260</b>
<b>Balance as at 1 April 2009</b>	<b>258</b>	<b>2</b>	<b>260</b>
Additions	0	0	0
Disposals	0	0	0
Loan repayments	0	0	0
Revaluations	0	0	0
Loans repayable within 12 months	0	0	0
<b>Balance as at 31 March 2010</b>	<b>258</b>	<b>2</b>	<b>260</b>

**30. Other financial assets**

	Current		Non-current	
	31 March 2011 £000	31 March 2010 £000	31 March 2011 £000	31 March 2010 £000
Embedded Derivatives at Fair Value through SoCNE	0	0	0	0
Financial assets carried at fair value through SoCNE	0	0	0	0
Held to maturity investments at amortised cost	0	0	260	260
Available for sale financial assets carried at fair value	0	0	0	0
Loans carried at amortised cost	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>260</b>	<b>260</b>

**31. Other current assets**

	31 March 2011 £000	31 March 2010 £000
EU Emissions Trading Scheme Allowance	0	0
Other Assets	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**32. Cash and Cash Equivalents**

	31 March 2011 £000	31 March 2010 £000
Balance at 1 April	205	33
Net change in year	(138)	172
<b>Balance at 31 March</b>	<b>67</b>	<b>205</b>
<b>Made up of</b>		
Cash with Government Banking Service	67	201
Commercial banks and cash in hand	0	4
Current investments	0	0
<b>Cash and cash equivalents as in statement of financial position</b>	<b>67</b>	<b>205</b>
Bank overdraft - Office of HM Paymaster General/GBS	0	0
Bank overdraft - Commercial banks	0	0
<b>Cash and cash equivalents as in statement of cash flows</b>	<b>67</b>	<b>205</b>
Patients' money held by the PCT, not included above	0	0

**33. Related party transactions**

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

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Islington Primary Care Trust.

	Payments to Related Party £ <b>Expenditure</b>	Receipts from Related Party £ <b>Income</b>	Amounts owed to Related Party £ <b>Creditors</b>	Amounts due from Related Party £ <b>Debtors</b>
<b>Simon Goodwin</b>				
Camden & Islington Community Solutions Ltd	2,006,545	0	206,216	0
Camden & Islington Community Solutions Ltd 1(Partnership)	2,089,627	0	0	0
<b>Gillian Greenhough</b>				
Clerkenwell Medical Practice	579	0	0	0
<b>Anne Whateley</b>				
NHS Tower Hamlets	43,215	3,600	26,018	0
<b>Richard Ma</b>				
Camidoc Ltd	747,956	0	0	0
Camden Primary Care Trust	14,758,918	7,814,661	4,618,938	655,138
Royal College of GPs	4,900	0	0	0
<b>Jane Roberts</b>				
London Borough of Camden	29,319	310,254	81,159	0
London Borough of Haringey	362	0	0	0
Dr Foster Ltd	57,000	0	0	0
<b>Catherine Taylor</b>				
COI	11,756	0	0	0
<b>Edwina Affie</b>				
Help on Your Doorstep	2,321	0	0	0
<b>Ursula Woolley</b>				
City of London Academy Islington	0	28,291	0	0
<b>Greg Battle</b>				
Dr G Battle	1,067	0	0	0
The Goodinge Group Practice	2,081	0	0	0
<b>Robbie Bunt</b>				
Dr R Bunt	3,026	0	0	0
The Group Practice at River Place	77	95	0	0
<b>Anjan Chakraborty</b>				
Dr Chakraborty	51	0	4,525	0
<b>Katie Coleman</b>				
Dr Katie Coleman	800	0	1,200	0
City Road Medical Centre	39,575	0	0	0

The Department of Health is regarded as a related party. During the year 2010/2011 Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below;

- A. London Strategic Health Authority
- B. Barnet PCT
- C. Camden PCT
- D. Croydon Teaching PCT
- E. Enfield PCT
- F. Haringey Teaching PCT
- G. Barnet, Enfield & Haringey Mental Health Trust
- H. Camden & Islington NHS FoundationTrust
- I. Great Ormond Street Hospital NHS Trust
- J. The Whittington Hospital NHS Trust
- K. The Royal Free Hospital NHS Trust
- L. University College Hospitals Foundation Trust
- M. Moorfields Eye Hospital Foundation Trust
- N. Barts and the London Hospital
- O. Homerton University Hospital Foundation Trust
- P. London Ambulance Trust
- Q. Guys & St Thomas NHS Foundation Trust
- R. NHS Business Services Authority

In addition, Islington 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

A Other government bodies  
B London Borough of Islington

**Prior Year comparators (is on page 46 )**

**33. Related party transactions (continued)**

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

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Islington Primary Care Trust.

	Payments to Related Party £ <b>Expenditure</b>	Receipts from Related Party £ <b>Income</b>	Amounts owed to Related Party £ <b>Creditors</b>	Amounts due from Related Party £ <b>Debtors</b>
<b>Simon Goodwin</b>				
Camden & Islington Community Solutions Ltd	5,200,328	0	413,569	0
Camden & Islington Community Solutions Ltd 1(Partnership)	31,567	0	0	0
<b>Gillian Greenhough</b>				
Clerkenwell Medical Practice	8,680	63	0	0
<b>Diane Hedges</b>				
Diane Hedges Ltd	18,953	0	0	0
British Lung Foundation Services Ltd	3,450	0	0	0
<b>Paula Kahn</b>				
Cripplegate Foundation	71,382	0	0	0
<b>Richard Ma</b>				
Camidoc Ltd	1,495,653	0	30,300	0
Camden Primary Care Trust	14,427,612	8,779,086	4,336,065	996,837
Royal College of GPs	2,550	0	0	0
<b>Jane Roberts</b>				
London Borough of Camden	31,437	385,215	0	202,083
<b>Catherine Taylor</b>				
COI	36,669	0	0	0
<b>James Tuugendhat</b>				
BUPA	37,854	0	13,307	0
<b>Rachel Tyndall</b>				
UCL Hospital Foundation Trust(Husband Employee)	69,134,526	95,147	2,182,116	291,756
<b>Ursula Woolley</b>				
City of London Academy Islington	0	8,753		17,283

The Department of Health is regarded as a related party. During the year 2009/2010 Primary Care Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. These entities are listed below;

- A London Strategic Health Authority
- B Camden PCT
- C Haringey PCT
- D Camden & Islington NHS FoundationTrust
- E The Whittington Hospital NHS Trust
- F The Royal Free Hospital NHS Trust
- G University College Hospitals Foundation Trust
- H Moorfields Eye Hospital Foundation Trust
- I Barts and the London Hospital
- J Homerton Hospital Foundation Trust
- K London Ambulance Trust
- L NHS Business Services Authority
- M The NHS Litigation Authority

In addition, Islington 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

- A Other government bodies
- B London Borough of Islington

### 34. Third party assets

The PCT held £0 cash and cash equivalents at 31 March 2011 on behalf of patients (£0 at 31 March 2010). This is not an asset of the PCT and has been excluded from the balances reported in the Account

### 35. Intra-Government Balances

	Current receivables £000s	Non-current receivables £000s	Current payables £000s	Non-current payables £000s
Balances with other Central Government Bodies	2,141	0	5,777	0
Balances with Local Authorities	2,391	0	4,856	0
Balances with NHS Trusts and Foundation Trusts	2,544	0	8,742	0
Balances with Public Corporations and Trading Funds	0	0	0	0
<b>Total Intra-Government balances</b>	<b>7,076</b>	<b>0</b>	<b>19,375</b>	<b>0</b>
Balances with bodies external to government	658	2,790	20,072	0
<b>At 31 March 2011</b>	<b>7,734</b>	<b>2,790</b>	<b>39,447</b>	<b>0</b>
Balances with other Central Government Bodies	0	0	0	0
Balances with Local Authorities	861	0	5,757	0
Balances with NHS Trusts and Foundation Trusts	3,588	0	14,221	0
Balances with Public Corporations and Trading Funds	0	0	0	0
<b>Total Intra-Government balances</b>	<b>4,449</b>	<b>0</b>	<b>19,978</b>	<b>0</b>
Balances with bodies external to government	8,367	0	30,851	0
<b>At 31 March 2010</b>	<b>12,816</b>	<b>0</b>	<b>50,829</b>	<b>0</b>

### 36. Losses and Special Payments

The total number of losses cases in 2010-11 was 0, involving a total loss of £0 (2009-10 2 cases and £4,215).

The total number of special payments in 2010-11 was 1, involving a total of £14663 (2009-10 5 cases and £15,122).

### 37. Events after the reporting period

#### PCT Management Structure

A new management structure was introduced in the PCT as at 1 April 2011, following a 90 day consultation with staff from November 2010. This will yield savings in excess of 50%. The principle change is that the management at Board level and below now covers all 5 PCTs within North Central London though there is representation within the local boroughs through a Borough Director and staff. A full provision has been made for redundancies, including voluntary redundancy, at a total cost of £3.75m, all of which has been funded through NHS London.

#### Pine Street

The Pine Street premises were sold to the Association for Research into Stammering in Childhood (ARSC) on 8 February 2011 for £350,000. The PCT has received £35,000 with the remaining sum due by no later than 15 March 2012. The PCT has agreed to lease the premises for 20 years at a peppercorn rent in order to provide services to stammering children, part of which the ARSC supports. Substantially improved facilities will result from a refurbishment programme of £500,000 funded by the Department of Education. This work is near completion. The agreement includes a right for the ARSC to take contractual control of the refurbishment programme, if not fully completed by 30 June 2011. Any payments made by the ARSC under this arrangement may be deducted from the outstanding sale proceeds. The PCT will offset these costs against the refurbishment of £500,000, since the full sale value is agreed.

#### Provider Services

At the meeting of the Board the PCT agreed to externalise its Provider Services and transfer to the Whittington Hospital NHS Trust on the 1st April 2011. The value of the transfer is £40,438,174

<b>38. Movements in working capital</b>	<b>2010-11 £000</b>	<b>2009-10 £000</b>
(Increase)/decrease in trade and other receivables	<b>2,607</b>	(5,448)
(Increase)/decrease in inventories	<b>0</b>	0
Increase/(decrease) in trade and other payables	<b>(12,164)</b>	17,407
(Increase)/decrease in other current assets	<b>0</b>	0
Increase/(decrease) in other current liabilities	<b>0</b>	2,230
<b>Total</b>	<b><u>(9,557)</u></b>	<b><u>14,189</u></b>

<b>39. Other cashflow adjustments</b>	<b>2010-11 £000</b>	<b>2009-10 £000</b>
Depreciation	<b>978</b>	888
Amortisation	<b>3</b>	7
Impairments and reversals	<b>74</b>	2,112
Cost of Capital Charge	<b>0</b>	(765)
Transfer from donated asset reserve	<b>(23)</b>	(23)
Transfer from government grant reserve	<b>(2)</b>	(4)
Non-cash movements in provisions	<b>2,835</b>	(812)
Release of PFI deferred credits	<b>0</b>	0
Net foreign exchange gain/(losses)	<b>0</b>	0
<b>Total</b>	<b><u>3,865</u></b>	<b><u>1,403</u></b>

#### **40. Cashflow relating to exceptional items**

*none*