

# East Staffordshire

## Primary Care Trust

# Annual Report 2006

Welcome to the final annual report for East Staffordshire Primary Care Trust (PCT) for the period 1 April 2006 - 30 September 2006.

East Staffordshire PCT was dissolved by the Secretary of State for Health and merged with South Western Staffordshire PCT, Cannock Chase PCT and Burntwood, Lichfield and Tamworth PCT to form the South Staffordshire Primary Care Trust.

### Statement of the Boards' Responsibility in relation to Internal Control

30 September 2006

#### 1. Scope of Responsibility

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

I have overall responsibility for Risk Management within East Staffordshire Primary Care Trust. The Director of Operations is the Lead Officer for Risk Management, and the assurance framework. In order to support the risk management agenda I work in partnership with other NHS Organisations in the local health economy. The Strategic Health Authority works with the Trust to support a range of risk management initiatives including the PCT's delivery of the Local Delivery Plan.

The PCT has a committee structure that supports risk management throughout the Organisation, and linking in with the Professional Executive Committee and Audit Committee, with appropriate reporting to the PCT Board.

The Organisation is committed to continuous development and improvement of its risk processes and seeks to maintain NHSLA standards, as well as the Standards for Better Health. The organisation currently holds NHSLA level 1b.

#### 2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and priorities the risks to the achievement of the Organisation's policies, aims and objectives, and
- Evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in East Staffordshire Primary Care Trust for the year ended 30 September 2006 and up to the date of approval of the annual report and accounts

إذا أردت المعلومات بلغة أخرى أو بطريقة أخرى، نرجو أن تطلب ذلك منا.

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

اگر این اطلاعات را به زبانی دیگر و یا در فرمتی دیگر میخواهید لطفاً از ما درخواست کنید

જો તમને માહિતી બીજી ભાષા અથવા રચનામાં જોઈતી હોય તો, કૃપા કરી અમને વિનંતી કરો.

ਜੇ ਇਹ ਜਾਣਕਾਰੀ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦੀ, ਤਾਂ ਇਹ ਸਾਥੋਂ ਮੰਗ ਲਓ।

यदि आपको सूचना किसी अन्य भाषा या अन्य रूप में चाहिये तो कृपया हमसे कहे

Jeżeli chcieliby Państwo uzyskać informacje w innym języku lub w innym formacie, prosimy dać nam znać.

Nëse dëshironi të merrni informacion në një gjuhë apo format tjetër, ju lutemi na pyesni.

**East Staffordshire Primary Care Trust**  
**c/o South Staffordshire Primary Care Trust**

**Anglesey House**  
**Towers Business Park**

**Rugeley**  
**Staffordshire**

**WS15 1UZ**  
**Tel: 01889 571700**  
**Fax: 01889 571839**

**[www.southstaffordshirepct.nhs.uk](http://www.southstaffordshirepct.nhs.uk)**

### 3. Capacity to Handle Risk

The PCT has a dedicated a manager whose role it is to ensure that risk is managed and good practice disseminated throughout the organisation. Information systems are in place to ensure that robust logging processes are available for risks, incidents, complaints, PALS enquiries and training.

Comprehensive staff training takes place with regard to risk management and incident reporting. Staff are also provided with support to actively learn from incidents in a supportive and blame free environment.

The Board has developed a performance committee which now plays a lead role in the review of the assurance framework.

This committee reviews the Key Performance indicators relating to the delivery of corporate objectives. These assurances are provided to the Board.

The PCT Board regularly reviews the reports from the performance committee in relation to the assurance framework, and the corporate business objectives. The Board has formally adopted the framework.

The PCT work within Directorates, who all maintain contemporaneous risk registers.

### 4. The Risk and Control Framework

The PCT believe that proactive risk management is an integral part of good management practice that supports the Organisation to deliver it's business objectives. The Risk Management Strategy helps to ensure that the key concept of risk management is embedded within the Organisational culture.

The assurance framework complements the assurance provided by our integrated performance report. When taken together the framework and performance matrix detail key Organisational objectives and associated risks. These documents describe the control and assurance measures this PCT can rely upon, and provides the basis of the evidence I am relying upon to support this statement.

### 5. Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The head of Internal Audit provides me with an opinion on the overall arrangements for gaining assurance through the Assurance Framework and on the controls reviewed as part of the internal audit work. Executive managers within the Organisation who have responsibility for the development and maintenance of the system of internal control provide me with assurance. The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the Organisation achieving its principal objectives have been reviewed.

My review is also informed by the reports of the Internal and External Auditors. A range of external agencies including the Health & Safety Executive and the Improving Working Lives Assessment Team has also provided assurance.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the PCT Board, the Audit Committee, the Governance Committee, the Risk Management Committee and individual Directors and Managers with key responsibility for risk management.

As a result of using the assurance framework we have appropriate action plans in place to ensure that continuous improvement is made.

As Accountable Officer, I can confirm that within East Staffordshire Primary Care trust there is a generally sound system of internal control that supports the achievement of the Organisation's policies, aims and objectives, and which is regularly monitored and reviewed. The Organisation has no significant internal control issues and this statement is an accurate and honest reflection of the actual position within the Trust.

  
**Stuart Poynor**  
**Chief Executive**

### Directors' Remuneration

East Staffordshire PCT	2006/07			2005/06		
	Salary (bands of £5,000) £000	Other Remuneration (bands of £5000) £000	Benefits in kind (bands of £100) £00	Salary (bands of £5,000) £000	Other Remuneration (bands of £5000) £000	Benefits in kind (bands of £100) £00
<b>For the period April - September 2006</b>						
Stuart Poynor, Chief Executive	55-60		8-9	95-100		16-17
Mark Docherty, Director of Operations	30-35			60-65		9-10
Susan Price, Director of Service Improvement	35-40		11-12	50-55		
<b>Non Executive Directors</b>						
A Fox, Chair	5-10			15-20		
S Edgson, Non Executive Director	0-5			5-10		
T Harte, Non Executive Director	0-5			5-10		
J Jobson, Non Executive Director	0-5			5-10		
P Aldred, Non Executive Director	0-5			5-10		
A Patel, Non Executive Director	0-5			5-10		
<b>Professional Executive Committee</b>						
J Carr, PEC Chair	10-15			25-30		
Dr J Shipman, PEC Member	5-10			5-10		
Dr J Lockwood, PEC Member	0-5			5-10		
Dr J Crosse, PEC Member	0-5			5-10		
Dr T Scheel, PEC Member	5-10			10-15		
Dr G Butler, PEC Member	0-5			5-10	30-35	
V Mallows, PEC Member	0-5	15-20		5-10	10-15	
D Mcmillen, PEC Member	0-5	5-10		5-10	15-20	

Notes—The post of Chief Executive & Director of Finance were held jointly with Burntwood Lichfield & Tamworth PCT.

### Pension Contributions

	Real increase in pension at age 60 and related lump sum (bands of £2,500)	Total accrued pension at age 60 and related lump sum at 31 March 2006 (bands of £5,000)	Cash Equivalent Transfer Value at 31st March 2007	Cash Equivalent Transfer Value at 31 March 2006	Real Increase in Cash Equivalent Transfer Value	Employers contribution to stakeholder pension (rounded to nearest £00)
	£'000	£'000	£'000	£'000	£'000	£
Stuart Poynor, Chief Executive	7.5-10	35-40	491	353	90	0
Susan Price, Director of Service Development	10-12.5	20-25	335	234	67	0
Mark Docherty, Director of Operations	0-2.5	15-20	186	176	4	0

As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members. All figures relate to 12 month period from 1 April 2006 to 31 March 2007. Stuart Poynor and Susan Price transferred to South Staffordshire PCT

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Unrealised surplus/(deficit) on fixed asset revaluations/ indexation	234	56
Increase in the donated asset reserve and government grant reserve due to receipt of donated and government granted assets	0	9
<b>Gains and losses recognised in the financial year</b>	<b>234</b>	<b>65</b>

### Management Costs

	2006/07	2005/06
Management Costs (£000)	1,231	2,703
Weighted Population	113,782	108,089
Cost Per Head (£)	10.82	25.01

### Remuneration Report

Remuneration Committee—the PCT has a Remuneration Committee which is a sub-committee of the Board. The Terms of Reference of the Committee are:

- To make such recommendations to the Board on the remuneration, allowances and terms of service of the Chief Executive and other officer members and senior managers to ensure they are fairly rewarded for their individual contribution to the Primary Care Trust—having proper regard for the Primary Care Trusts's circumstances and performances and to the provisions of any national arrangements where appropriate.
- To monitor and evaluate the performance of individual officer members and senior managers.
- To advise on and oversee appropriate contractual arrangements for such staff including the proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate.

The membership of the Committee is made up of three Non Executive Directors including the Chair

### Operating Financial Review

The following financial statements are a summary of a full set of accounts, which have been validated by external auditors, for the six month period 1st April 2006 to 30th September 2006. The main financial achievements of East Staffordshire PCT were:

**Resource Limit** – the PCT remained within the allocated resource limit of £73,803k.

**Cash Limit** – the PCT remained within the allocated cash limit of £74,457k.

**Management Costs** – the PCT spent £1,231k on management costs during the six month period which equates to £10.82 per head of population.

**Better Payments Practice Code** – the PCT's performance against a target of 95% of the number of invoices paid within 30 days was 91.54% for non-NHS creditors and 97.69% for NHS creditors. The value of invoices being paid within 30 days was 95.31% for non-NHS creditors and 99.84% for NHS creditors.

**Full Cost Recovery on Provider Functions** – the Trust achieved this financial duty.

**Remain within the Capital Resource Limit** – the Trust achieved this financial duty.

### Audit Committee and Fees

East Staffordshire PCT undergoes scrutiny from a combination of audit mechanisms which includes the Audit Committee, Internal and External Audit.

The PCT has an established Audit Committee with terms of reference agreed by the Board.

- Mrs Jeni Jobson (Chair) Non Executive Director
- Mr Phil Aldred Non Executive Director
- Mr Ashraf Patel Non Executive Director

In 2006/7 East Staffordshire Primary Care Trust paid £63k plus VAT in respect of audit fees to KPMG LLP, 2 Cornwall Street, Birmingham B3 2DL

### Better Payment Practice Code - measure of compliance

	2006/2007 Number	2006/2007 £000	2005/2006 Number	2005/2006 £000
<b>Non-NHS Creditors</b>				
	1,821	3,689	4,948	3,262
	1,667	3,516	4,479	2,955
Percentage of bills paid within target	<b>91.54%</b>	<b>95.31%</b>	<b>90.52%</b>	<b>90.59%</b>
<b>NHS Creditors</b>				
	737	69,754	1,561	134,857
	720	69,643	1,519	134,598
Percentage of bills paid within target	<b>97.69%</b>	<b>99.84%</b>	<b>97.31%</b>	<b>99.81%</b>

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

## Auditors Opinion

### Independent auditors' statement to the Directors of the Board of East Staffordshire Primary Care Trust

We have examined the summary financial statement which comprises, Cashflow Statement, Balance Sheet, Operating Cost Statement and Statement of recognised gains and losses (set out in pages 4,5, and 6). This report is made solely to the Board of East Staffordshire PCT in accordance with Section 2 of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Board of East Staffordshire PCT those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than East Staffordshire PCT and the Board of East Staffordshire PCT, as a body, for our audit work, for this report, for the opinions we have formed.

**Respective responsibilities of directors and auditors**—The directors are responsible for preparing the Annual Report. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Annual Report with the statutory financial statements.

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

#### Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the statutory financial statements describes the basis of our audit opinion on those financial statements.

#### Opinion

In our opinion the summary financial statement is consistent with the statutory financial statements of the East Staffordshire PCT for the half year ended 30 September 2006. We have not considered the effects of any events between the date on which we signed our report on the statutory financial statements, 9th July 2007, and the date of this statement.

*KPMG LLP, Birmingham, 24 September 2007*

## CASH FLOW STATEMENT FOR THE PERIOD ENDED

30 September 2006

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
<b>OPERATING ACTIVITIES</b>		
Net cash outflow from operating activities	(71,741)	(136,506)
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible fixed assets	(703)	(971)
Receipts from sale of tangible fixed assets	0	1,150
Net cash inflow/(outflow) from capital expenditure	(703)	179
Net cash inflow/(outflow) before financing	(72,444)	(136,327)
<b>FINANCING</b>		
Net Parliamentary Funding	72,656	136,326
Increase/(decrease) in cash	212	(1)

## BALANCE SHEET AS AT 30 September 2006

	30 September 2006 £000	31 March 2006 £000
<b>FIXED ASSETS</b>		
Tangible assets	4,038	3,310
<b>TOTAL FIXED ASSETS</b>	4,038	3,310
<b>CURRENT ASSETS</b>		
Stocks and work in progress	1,160	1,126
Debtors	1,369	3,238
Cash at bank and in hand	212	0
<b>TOTAL CURRENT ASSETS</b>	2,741	4,364
CREDITORS : Amounts falling due within one year	(10,560)	(9,440)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	(7,819)	(5,076)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	(3,781)	(1,766)
Provisions for liabilities and charges	(1,212)	(1,271)
<b>TOTAL ASSETS EMPLOYED</b>	(4,993)	(3,037)
<b>FINANCED BY:</b>		
<b>TAXPAYERS EQUITY</b>		
General Fund	(5,762)	(3,573)
Revaluation reserve	757	523
Donated asset reserve	8	9
Other reserves	4	4
<b>TOTAL TAXPAYERS EQUITY</b>	(4,993)	(3,037)

## OPERATING COST STATEMENT FOR THE PERIOD ENDED

30 September 2006

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
<b>Commissioning</b>		
Gross Operating Costs	91,061	166,740
Less: Miscellaneous Income	(19,769)	(37,542)
Commissioning Net Operating Costs	71,292	129,198
<b>Provider</b>		
Gross Operating Costs	4,233	8,033
Less: miscellaneous income	(825)	(1,532)
Provider Net Operating Costs	3,408	6,501
<b>Net Operating Costs before interest</b>	74,700	135,699
<b>Net Operating cost for the Financial Year</b>	74,700	135,699