

South Western 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 £000)	Benefits in kind (bands of £100) £00
For the period April - September 2006						
Executive Directors						
William Price, Chief Executive	50-55			100-105		
Susan Fisher, Director of Finance	35-40		17-18	70-75		24 -25
Dr Zafar Iqbal, Director of Public Health	55-60			105-110		
Jan Warren, Director of Primary Care	30-35			65-70		20-21
Non Executive Directors						
J Cornes, Chair	5-10			15-20		
G Ravenscroft, Non Executive Director	0-5			5-10		
C Hurley, Non Executive Director	0-5			5-10		
M Compton, Non Executive Director	0-5			5-10		
B Holland, Non Executive Director	0-5			5-10		
M Washburn, Non Executive Director	0-5			5-10		
Dr R Beal, Non Executive Director & PEC Chair	15-20			30-35		
Dr S Lloyd, Non Executive Director & PEC Member	0-5			10-15		
Professional Executive Committee						
Dr J Hearn, PEC Member	10-15			0-5		
Dr M Bland, PEC Member	Consent	Consent		Consent	Consent	
J Nunn, PEC Member	Withheld	Withheld		Withheld	Withheld	
A Brown, PEC Member	0-5	20-25		0-5	40-45	
A Parker, PEC Member	0-5	20-25		0-5	40-45	
C Parker, PEC Member	0-5			5-10		
A Morrison, PEC Member	Consent	Consent		Consent	Consent	
	Withheld	Withheld		Withheld	Withheld	
Dr E Lee, PEC Member	Consent	Consent		Consent	Consent	
	Withheld	Withheld		Withheld	Withheld	
F Sutherland, PEC Member	0-5	20-25		0-5	35-40	
Dr D Maidment, PEC Member	0-5			5-10		

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

South Western Staffordshire PCT was dissolved by the Secretary of State for Health and merged with Cannock Chase PCT, East Staffordshire 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 Officer 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

As Accountable Officer, I have overall responsibility for Risk Management within South Western Staffordshire Primary Care Trust but am supported with this by the Executive Team.

I work with partner organisations and report on processes in the Local Development Plan and Clinical Governance Development Plan, to agreed timetables that are monitored by the Strategic Health Authority.

A Financial Annual Plan is reported to the Strategic Health Authority, plus financial monitoring returns on a monthly basis. One of the monthly returns goes to the Strategic Health Authority for validation, prior to reporting to the Department of Health, and the other return is fed into the SHA Board. Serious Untoward Incidents (SUIs) are reported to the Strategic Health Authority through 'STEIS'

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

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives,
- evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The system of internal control has been in place in South Western Staffordshire Primary Care Trust up to, and until the dissolution of the PCT on 30 September 2006, and up to the date of approval of the final annual report and accounts.

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

آر 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.

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c/o South Staffordshire Primary
Care Trust

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The past 12 months has seen the PCT continue to refine its risk management systems, including:

1. Continuous review and updating of the Risk Register/Assurance Framework document.
2. Integration of the Standards for Better Health into the Assurance Framework and into Board reports and papers
3. Regular review of this document by the Risk Management Committee.
4. Regular Board review of Strategic risks, and Board involvement in the Assurance Framework.
5. Executive team identification and review of strategic risks.
6. Work in progress on refinement of local departmental risk registers.
7. Risk identification occurring across all services.
8. Adverse incident reporting occurring across all services directly provided by the PCT.
9. Integration of Prison healthcare staff into PCT's risk management processes.
10. Regular feedback provided on all incidents received so that lessons learned are shared across the organisation.
11. Board approved Risk Management Strategy available to all staff.
12. Introduction of a Corporate Induction programme which includes a risk management, patient safety and incident reporting session.
13. Collaboration with Acute Trusts on poor discharge incident investigations.

3. Risk and control framework

South Western Staffordshire Primary Care Trust recognises the need for strong clinical and corporate governance. It believes that risk management is an integral part of good management practice that supports these processes, and that responsibility for implementation is accepted at all levels of the organisation. The PCT Board undertakes to do its reasonable best to manage the Primary Care Trust in accordance with its risk management strategy so as to meet its objectives and protect patients, staff, the public and other stakeholders against risks of all kinds.

A Strategy document sets out the aims and objectives of risk management within the PCT. It illustrates how risk management sits within the PCT's governance framework and demonstrates the links between corporate governance, clinical governance and Standards for Better Health/Annual Health check. It provides direction, and communicates the PCT's intentions and commitment to risk management across the organisation.

The aim of the Strategy is to ensure that risk management processes are embedded throughout the organisation as an integral part of good management, so that any risk which might threaten delivery of the organisational objectives is identified, assessed, reduced where possible, and appropriately monitored.

The Risk Management Strategy has been endorsed by the Trust Board and clearly defines the Chief Executive and Executive Team responsibilities for risk management, the management structures and accountability, as well as Stakeholder consideration.

The Assurance Framework identified a significant control issue within the year over delivery of the financial plan, however, a robust financial recovery plan has been developed which is designed to deliver the necessary savings over a 2 year period. The recovery plan is monitored by a financial Recovery Board which has been established as a sub committee of the PCT Board.

It provides the basis of the evidence I am relying upon to support this Statement.

Better Payment Practice Code - measure of compliance

	2006/2007	2006/2007	2005/2006	2005/2006
Non-NHS Creditors	Number	£000	Number	£000
	3,154	3,273	6,014	6,073
	2,919	3,092	5,407	5,774
Percentage of bills paid within target	92.55%	94.47%	89.91%	95.08%
NHS Creditors				
	733	67,912	1,318	131,795
	632	66,449	1,038	126,502
Percentage of bills paid within target	86.22%	97.85%	78.76%	95.98%

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.

Management Costs

	2006/07	2005/06
Management Costs (£000)	1,465	2,436
Weighted Population	156,391	149,525
Cost Per Head (£)	9.37	16.29

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:

1. 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 Trust's circumstances and performances and to the provisions of any national arrangements where appropriate.
2. To monitor and evaluate the performance of individual officer members and senior managers.
3. 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.

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	£
William Price, Chief Executive	0-2.5	25-30	387	354	17	0
Susan Fisher, Director of Finance	0-2.5	20-25	302	277	13	0
Zafar Iqbal, Director of Public Health	2.5-5	25-30	378	325	31	0

As Non-Executive members do not receive pensionable remuneration, there are no entries in respect of pensions for Non-Executive members. Ex-directors of demised PCTs are included only if they have not transferred to South Staffordshire PCT. All figures relate to 12 month period from 1 April 2006 to 31 March 2007

**OPERATING COST STATEMENT FOR THE PERIOD ENDED
30 September 2006**

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Commissioning		
Gross Operating Costs	98,521	188,397
Less: Miscellaneous Income	(2,443)	(3,176)
Commissioning Net Operating Costs	96,078	185,221
Provider		
Gross Operating Costs	8,178	15,834
Less: miscellaneous income	(2,554)	(4,882)
Provider Net Operating Costs	5,624	10,952
Net Operating Costs before interest	101,702	196,173
Net Operating cost for the Financial Year	101,702	196,173

**STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED
30 September 2006**

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Unrealised surplus / (deficit) on fixed asset revaluations/indexation	427	177
Gains and losses recognised in the financial year	427	177

4. 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:

1. Supportive report from the National Health Service Litigation Authority following their last inspection in February 2005 (Level 1B Risk Management assessment)
2. External audit report
3. Standards for Better Health draft and final declarations
4. Staff Survey reports
5. Clinical Governance Annual report
6. Risk Management Annual report
7. Complaints reports

When reviewing the effectiveness of the system of internal control and the processes that have been applied in maintaining it, it is necessary to consider the role of the Board, of sub committees, of the Executive Team and of Internal Audit.

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 Risk Management Committee,
- The Clinical Governance Committee
- The organisational structure that contributes to internal control.

A plan to address weaknesses and ensure continuous improvement of the system is in place as part of the Risk Register and Assurance Framework

5. Statement on Internal Control

One of the PCT's principle objectives is to ensure delivery of its financial plan, and meet its statutory obligations to contain expenditure within its revenue resource limit. The PCT has a formal recovery plan aimed at achieving recurring financial balance in the current year and repayment of the historic deficit by the end of 2007/08. A monthly financial Recovery Board has been established to oversee savings delivery and, through the Recovery Board, the PCT has arrangements in place to improve the governance of cost recovery. In addition, the PCT also has a Recovery project manager who is responsible for monitoring progress against plans.

The PCT has continued to improve its financial management of services and any control issues highlighted in audit reports are being addressed.

So, as Accountable Officer, I can confirm that, notwithstanding the above, South Western Staffordshire Primary Care Trust has a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, and this statement is a balanced reflection of the actual position within the Trust.

William Price
Chief Executive

Financial Information

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 South Western Staffordshire PCT were:

Resource Limit – the PCT remained within the allocated resource limit of £99,213k.

Cash Limit – the PCT remained within the allocated cash limit of £100,404k.

Management Costs – the PCT spent £1,465k on management costs during the six month period which equates to £9.37 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 92.55% for non-NHS creditors and 86.22% for NHS creditors. The value of invoices being paid within 30 days was 94.47% for non-NHS creditors and 97.85% 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.

Auditors Opinion

Independent auditors' statement to the Directors of the Board of South Western 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 5, 6 and 7). This report is made solely to the Board of South Western 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 South Western 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 South Western Staffordshire PCT and the Board of South Western 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 South Western 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

Audit Committee and Fees

South Western 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.

- Mr Mark Washburn (Chair) Non Executive Director
- Mr Glyn Ravenscroft Non Executive Director
- Mr Brian Holland Non Executive Director

In 2006/7 South Western Staffordshire Primary Care Trust paid £72k plus VAT in respect of audit fees to KPMG LLP, 2 Cornwall Street, Birmingham B3 2DL.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 September 2006

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
OPERATING ACTIVITIES		
Net cash outflow from operating activities	(100,493)	(195,578)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	0	(743)
Net cash inflow/(outflow) from capital expenditure	0	(743)
Net cash inflow/(outflow) before financing	(100,493)	(196,321)
FINANCING		
Net Parliamentary Funding	100,536	196,322
Net cash inflow/(outflow) from financing	100,536	196,322
Increase/(decrease) in cash	43	1

BALANCE SHEET AS AT 30 September 2006

	30 September 2006 £000	31 March 2006 £000
FIXED ASSETS		
Tangible assets	6,710	6,470
CURRENT ASSETS		
Stocks and work in progress	51	61
Debtors	2,609	4,036
Cash at bank and in hand	44	1
TOTAL CURRENT ASSETS	2,704	4,098
CREDITORS : Amounts falling due within one year	(15,964)	(16,029)
NET CURRENT ASSETS / (LIABILITIES)	(13,260)	(11,931)
TOTAL ASSETS LESS CURRENT LIABILITIES	(6,550)	(5,461)
Provisions for liabilities and charges	(1,060)	(1,160)
TOTAL ASSETS EMPLOYED	(7,610)	(6,621)
FINANCED BY:		
TAXPAYERS EQUITY		
General Fund	(10,693)	(9,277)
Revaluation reserve	3,083	2,656
TOTAL TAXPAYERS EQUITY	(7,610)	(6,621)