

**WEST SUSSEX PRIMARY CARE TRUST**

**ACCOUNTS**

**YEAR ENDED  
31 MARCH 2009**

Data entered below will be used throughout the workbook:

PCT name:	West Sussex PCT
This year	2008/09
Last year	2007/08
This year ended	31 March 2009
Last year ended	31 March 2008
This year beginning	1 April 2008



**Independent auditor's report to the Board of Directors of *West Sussex Primary Care Trust* on the PCT Summarisation Schedules**

I have examined the summarisation schedules numbered PCT01 to PCT31 of *West Sussex Primary Care Trust* for the year ended 31 March 2009, which have been prepared by the Director of Finance and acknowledged by the Chief Executive.

This report is made solely to the Board of *West Sussex Primary Care Trust* in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

In my opinion these summarisation schedules are consistent with the statutory financial statements.

A handwritten signature in black ink, appearing to read 'Helen Thompson'.

Helen Thompson

District Auditor

Audit Commission,  
Suite 2, Ground Floor,  
Bicentennial Building,  
Southern Gate,  
Chichester,  
West Sussex,  
PO19 8EZ.

12 June 2009

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# Independent auditor's report to the Board of Directors of West Sussex Primary Care Trust

## Opinion on the financial statements

I have audited the financial statements of West Sussex Primary Care Trust (PCT) for the year ended 31 March 2009 under the Audit Commission Act 1998. The financial statements comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Board of Directors of West Sussex PCT in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

## Respective responsibilities of Directors and auditor

The Directors' responsibilities for preparing the financial statements in accordance with directions made by the Secretary of State are set out in the Statement of Directors' Responsibilities. The Chief Executive's responsibility, as Accountable Officer, for ensuring the regularity of financial transactions is set out in the Statement of the Chief Executive's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England. I report to you whether, in my opinion, the information which comprises the commentary on the financial performance included within the Financial Performance section included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I review whether the Directors' Statement on Internal Control reflects compliance with the Department of Health's requirements, set out in 'Guidance on Completing the Statement on Internal Control 2008/09', issued on 25 February 2009. I report if it does not meet the requirements specified by the Department of Health or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Directors' Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Foreword, the unaudited part of the Remuneration Report and the remaining elements of the Financial Performance section included in the Annual Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

#### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- \* the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error;
- \* the financial statements and the part of the Remuneration Report to be audited have been properly prepared; and
- \* in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

#### Opinion

In my opinion:

- \* the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England, of the state of the Trust's affairs as at 31 March 2009 and of its net operating costs for the year then ended;
- \* the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State as being relevant to the National Health Service in England;
- \* in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them; and
- \* information which comprises the commentary on the financial performance included within the Financial Performance section of the Annual Report, is consistent with the financial statements.

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## Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Directors' Responsibilities

The Directors are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the Use of Resources Guidance issued by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Trust has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the Use of Resources Guidance published by the Audit Commission in May 2008 and updated in February 2009, I am satisfied that, in all significant respects, West Sussex PCT made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

### Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.



Helen Thompson

District Auditor

Audit Commission, Bicentennial Building, Southern Gate, Chichester,  
West Sussex PO19 8EZ

12 June 2009

# **FOREWORD TO THE ACCOUNTS WEST SUSSEX PRIMARY CARE TRUST**

These accounts for the year ended 31 March 2009 have been prepared by West Sussex 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 which the Secretary of State has, with the approval of the Treasury, directed.

**STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

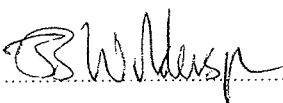
The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of the Treasury, directs that these accounts give a true and fair view of the state of affairs of the organisation and the net operating cost, recognised gains and losses and cash flows for the year. In preparing these accounts, Directors are required to:

- i. apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;
- ii. make judgements and estimates which are reasonable and prudent;
- iii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the health authority and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the financial statements.

By order of the board.

10/6/09 ..... Date  ..... Chief Executive


10/6/09 ..... Date NA Kennedy ..... Finance Director

**STATEMENT OF THE CHIEF EXECUTIVES RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE PRIMARY CARE TRUST**

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the Primary Care Trust. The relevant responsibilities of Accountable Officers are set out in the Accountable Officers Memorandum issued by the Department of Health. These include ensuring that:

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

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Signed  ..... Chief Executive

Dated 10/0/08.....

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**OPERATING COST STATEMENT FOR THE YEAR ENDED**  
**31 March 2009**

	NOTE	2008/09 £000	2007/08 £000
<b>Commissioning</b>			
Gross operating costs	4	1,508,138	1,410,983
Less: Miscellaneous income	3	<u>(487,318)</u>	<u>(436,243)</u>
Commissioning net operating costs		1,020,820	974,740
<b>Provider</b>			
Gross operating costs	4	104,076	103,816
Less: Miscellaneous income	3	<u>(12,904)</u>	<u>(14,058)</u>
Provider Net operating costs		91,172	89,758
<b>Net operating costs before interest</b>		<b>1,111,992</b>	<b>1,064,498</b>
Interest receivable		0	0
Interest payable		<u>0</u>	<u>6</u>
<b>Net operating cost for the financial year</b>		<b><u>1,111,992</u></b>	<b><u>1,064,504</u></b>

The notes on pages 5 to 39 form part of this account

**STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED  
31 March 2009**

	2008/09 £000	2007/08 £000
Fixed asset impairment losses	0	0
Unrealised surplus / (deficit) on fixed asset revaluations/indexation	(15,328)	8,450
Increase in the donated asset reserve and government grant reserve due to receipt of donated and government granted assets	0	0
Additions / (reductions) in the General Fund due to the transfer of assets from/(to) NHS bodies and the Department of Health	0	0
Additions / (reductions) in "other reserves"	0	0
<b>Recognised gains and losses for the financial year</b>	<b>(15,328)</b>	<b>8,450</b>
	0	0
<b>Gains and losses recognised in the financial year</b>	<b>(15,328)</b>	<b>8,450</b>

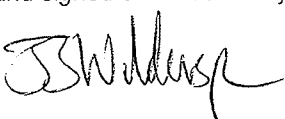
The notes on pages 5 to 39 form part of this account

**BALANCE SHEET AS AT  
31 March 2009**

	NOTE	£000	31 March 2009 £000	31 March 2008 £000
<b>FIXED ASSETS</b>				
Intangible assets	9	0		0
Tangible assets	10.1	112,539		123,042
Investments	10.4	0		0
Financial assets	10.5	0		
			112,539	123,042
<b>CURRENT ASSETS</b>				
Stocks and work in progress	11	84		74
Debtors	12	20,032		23,447
Other financial assets	10.5	0		
Cash at bank and in hand	16.3	66		2,385
<b>TOTAL CURRENT ASSETS</b>			20,182	25,906
CREDITORS : Amounts falling due within one year	13.1		(80,049)	(82,220)
Other financial liabilities falling due within one year	13.1/1		0	
<b>NET CURRENT ASSETS / (LIABILITIES)</b>			(59,867)	(56,314)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			52,672	66,728
Creditors: Amounts falling due after more than one year	13.1		0	0
Other financial liabilities falling due after more than one year	13.1/1		0	
Provisions for liabilities and charges	14		(6,003)	(7,294)
<b>TOTAL ASSETS EMPLOYED</b>			46,669	59,434
<b>FINANCED BY:</b>				
<b>TAXPAYERS EQUITY</b>				
General fund	15		27,974	25,302
Revaluation reserve	15		16,858	32,171
Donated asset reserve	15		1,837	1,961
Government grant reserve	15		0	0
Other reserves	15		0	0
<b>TOTAL TAXPAYERS EQUITY</b>			46,669	59,434

The notes on pages 5 to 39 form part of this account

The financial statements on pages 1 - 4 were approved by the Audit & Assurance Committee on behalf of the Board on 9th June 2009 and signed on its behalf by

Chief Executive: 

Date: 10/6/09

## CASH FLOW STATEMENT FOR THE YEAR ENDED

31 March 2009

	NOTE	£000	2008/09 £000	2007/08 £000
<b>OPERATING ACTIVITIES</b>				
Net cash outflow from operating activities	16.1		(1,107,228)	(1,069,517)
<b>SERVICING OF FINANCE AND RETURNS ON INVESTMENT:</b>				
Interest paid		0		(6)
Interest received		0		0
Interest element of finance leases		0		0
Net cash inflow/(outflow) from servicing of finance and returns on investment			0	(6)
<b>CAPITAL EXPENDITURE</b>				
Payments to acquire intangible assets		0		0
Receipts from sale of intangible assets		0		0
Payments to acquire tangible fixed assets		(8,307)		(4,976)
Receipts from sale of tangible fixed assets		365		130
Payments to acquire fixed asset investments		0		0
Receipts from sale of fixed asset investments		0		0
Payments to acquire financial instruments		0		0
Receipts from sale of financial instruments		0		0
Net cash inflow/(outflow) from capital expenditure			(7,942)	(4,846)
Net cash inflow/(outflow) before financing and management of liquid resources			(1,115,170)	(1,074,369)
<b>MANAGEMENT OF LIQUID RESOURCES</b>				
(Purchase) of other current asset investments			0	0
Sale of other current asset investments			0	0
Net cash inflow/(outflow) from management of liquid resources			0	0
Net cash inflow/(outflow) before financing			(1,115,170)	(1,074,369)
<b>FINANCING</b>				
Net Parliamentary Funding		1,112,851		1,077,007
Other capital receipts surrendered		0		0
Capital grants received		0		0
Capital element of finance lease rental payments		0		0
Cash transfers (to)/from other NHS bodies		0		0
Net cash inflow/(outflow) from financing			1,112,851	1,077,007
Increase/(decrease) in cash	16.3		(2,319)	2,638

The notes on pages 5 to 39 form part of this account

## NOTES TO THE ACCOUNTS

### Note 1. Accounting policies

The financial statements have been prepared in accordance with the 2008/09 Financial Reporting Manual (FRM) issued by HM Treasury. The particular accounting policies adopted by the Primary Care Trust (PCT) are described below. They have been applied in dealing with items considered material in relation to the accounts.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets, and stock where material, at their value to the business by reference to current costs. This is in accordance with directions issued by the Secretary of State and approved by HM Treasury.

#### a) Funding and Income

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

Income is accounted for applying the accruals convention. Income is recognised in the period in which services are provided. Where income has been received for a specific activity to be delivered in the following financial year, that income will be deferred.

#### b) 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 public sector body to another.

#### Taxation

The PCT is not liable to pay corporation tax. Most of the activities of the PCT are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts stated are net of VAT.

#### Fixed Assets

##### i) Capitalisation

All assets falling into the following categories are capitalised:

**Intangible assets** which can be valued, are capable of being used in a PCT's activities for more than one year and have a cost equal to or greater than £5,000;

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis, except capitalised Research and Development which is carried at current cost. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

**Tangible assets** which are capable of being used for a period which exceeds one year and which:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost equal to or greater than £5,000 and individually cost more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective costs; or
- form part of an I.T. network which collectively has a cost of more than £5,000 and individually have a cost of more than £250.

## ii) Valuation

Intangible fixed assets held for operational use are valued at historical cost, except Research and Development which is valued using appropriate index figures. Surplus intangible assets are valued at the net recoverable amount.

Tangible fixed assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. They are restated to current value each year. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

## Land & Buildings

Land and buildings are restated at current cost using professional valuations at five-yearly intervals in accordance with FRS15. Between valuations price indices appropriate to the category of asset are applied to arrive at the current value.

The buildings indexation is based on the BCIS Public Sector tender price indices for specialised buildings (all PCT buildings except the Causeway PCT office headquarters are classed as specialised). The buildings indexation for non specialised buildings is based on regional capital growth movement in the office sector, data taken from the IPD monthly digest. The land index is based on the BCIS residential building land index.

Professional valuations are carried out by the District Valuers of the Inland Revenue Government Department.

The valuations were carried out in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Department of Health and HM Treasury. In accordance with the requirements of the Department of Health, the asset valuations were undertaken in 2004 as at the prospective valuation date of 1 April 2005 and were applied on 31 March 2005. The valuations have been carried out primarily on the basis of Depreciated Replacement Cost for specialised operational property and Existing Use Value for non-specialised operational property.

In respect of non-operational properties, including surplus land, the valuations have been carried out at Open Market Value. The value of land for existing use purposes is assessed to Existing Use Value.

Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

Gains made from indexation and revaluations are taken to the revaluation reserve. Losses arising from revaluations are recognised as impairments and are charged to the revaluation reserve to the extent that a balance exists in relation to the revalued asset. Losses in excess of that amount are charged to the current year's Operating Cost Statement (OCS), unless it can be demonstrated that the recoverable amount is greater than the revalued amount in which case the impairment is taken to the revaluation reserve. Falls in value when newly constructed assets are brought into use are charged in full to the OCS. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

All adjustments arising from the indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the statement of recognised gains and losses.

Land and buildings held under finance leases are capitalised at inception at the fair value of the asset but may be subsequently revalued by the District Valuer. The valuations do not include notional directly attributable acquisition costs nor have selling costs been deducted, since they are regarded as not material.

## **Equipment**

Operational equipment is carried at current value. Where assets are at low value, and/or have short useful economic lives, these are carried at depreciated historic cost as a proxy for current value. Equipment surplus to requirements is valued at net recoverable amount and assets held under finance leases are capitalised at the fair value of the assets. With those exceptions, equipment is valued at estimated net current replacement cost through annual uplift by the change in the value of the GDP deflator, other than IT equipment which is considered to have nil inflation.

### **Assets in the course of construction**

Assets in the course of construction are valued at current cost and are only indexed and depreciated once the completed asset becomes operational. These assets include any existing land or buildings under the control of a contractor.

### **Residual interests in off-balance sheet Private Finance Initiative properties**

Residual interests in off-balance sheet Private Finance Initiative properties are included in tangible fixed assets under "assets under construction and payments on account" where the PFI contract specifies the amount at which the assets will be transferred to the PCT at the end of the contract. The residual interest is built up during the life of the contract by capitalising the unitary charge so that at the end of the contract the balance sheet value of the residual value plus the specified amount equal the expected value of the residual asset at the end of the contract. The estimated fair value of the asset on reversion is determined by the District Valuer based on Department of Health guidance. The District Valuer should provide an estimate of the anticipated fair value of the assets on the same basis as the District Valuer values the PCT's estate.

### **iii) Depreciation, amortisation and impairments**

Tangible fixed assets are depreciated at rates calculated to write them down to estimated residual value on a straight line basis over their estimated useful lives.

Freehold land and land and buildings surplus to requirements are not depreciated. Assets in the course of construction and residual interests in off-balance sheet Private Finance Initiative contract assets are not depreciated until the asset is brought into use or reverts to the Primary Care Trust, respectively. Buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the District Valuer.

Leaseholds are depreciated over the primary lease term.

Equipment is depreciated on current cost evenly over the estimated life of the asset.

Intangible assets are amortised over the estimated lives of the assets.

Where the useful economic life of an asset is reduced from that initially estimated due to the revaluation of an asset for sale, depreciation is charged to bring the value of the asset to its value at the point of sale.

Purchased computer software licences are amortised over the shorter of the term of the license and their useful economic lives.

## **Donated Assets**

Donated tangible fixed assets are capitalised at their valuation on receipt and this value is credited to the donated asset reserve. Donated assets are revalued and depreciated as described above for purchased assets. Gains and losses on revaluations 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 the OCS. Similarly, any impairment on donated assets charged to the OCS is matched by a transfer from the donated asset reserve. On sale of donated assets, the value of the sale proceeds is transferred from the donated asset reserve to the general fund.

## **Government Grants**

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Government grants in respect of capital expenditure are credited to a government grant reserve and are released to the OCS over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to miscellaneous income in the OCS so as to match them with the expenditure to which they relate.

**Cash, Bank and Overdraft:**

Cash, bank and overdraft balances are recorded at current values. Interest earned on bank accounts and interest charged on overdrafts are recorded as, respectively, 'Interest receivable' and 'Interest payable' in the periods to which they relate. Bank charges are recorded as operating expenditure in the periods to which they relate.

**Pooled budgets**

The PCT has entered into a pooled budget with West Sussex County Council. Under the arrangement funds are pooled under S31 of the Health Act 1999\* for Mental Health, People with Learning Disabilities (PLD) and Community Equipment activities and a memorandum note to the accounts provides details of the joint income and expenditure. \*Subsequently superseded by S75 of the NHS Act 2006.

The Mental Health pool is hosted by the PCT. West Sussex County Council host the PLD pool and Community Equipment pool. 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, expenditure and cash balances of the pool as determined by the pooled budget agreement.

**Leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Primary Care Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payment discounted by the interest rate implicit in the lease. The interest element of finance lease payments is charged to the OCS over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Operating Cost Statement on a straight line basis over the term of the lease.

**Private Finance Initiative**

The NHS follows HM Treasury's '*Technical Note 1 (revised) How to Account for PFI transactions*' which provides practical guidance for the application of the Application Note F FRS5 amendment and the guidance 'Land and Buildings in PFI schemes Version 2'.

Where the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating expense. Where the PCT has contributed assets, a prepayment for their fair value is recognised and amortised over the life of the PFI contract by a charge to the OCS. Where, at the end of a PFI contract, a property reverts to the PCT, the difference between the expected fair value of the residual asset on reversion and any agreed payment on reversion is built up over the life of the contract by capitalising part of the unitary charge each year, as a tangible fixed asset.

Where the balance of risks and rewards of ownership of the PFI property are borne by the PCT, it is recognised as a fixed asset along with the liability to pay for it which is accounted for as a finance lease. Contract payments are apportioned between an imputed finance lease charge and a service charge.

### **Stocks and work-in-progress**

Stocks comprise raw materials and consumables and are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks.

Work in progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as Work-In-Progress. Expenditure is accrued however, in respect of part completed treatment episodes at the balance sheet date.

### **Provisions**

The Primary Care Trust provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

### **Clinical Negligence Costs**

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which the Primary Care Trust pays an annual contribution to the NHSLA which in return settles all clinical negligence claims. Although the NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the Primary Care Trust. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Primary Care Trust is disclosed at Note 14.

### **Non-clinical risk pooling**

The Primary Care Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Primary Care Trust pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any 'excesses' payable in respect of particular claims are charged to operating expenses as and when they become due.

### **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 Primary Care Trusts not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

### **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, 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.

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 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. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

#### **b) FRS17 Accounting valuation**

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date 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 2009, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2009 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.

### **Scheme Provisions as at 31 March 2009**

The scheme is a 'final salary' scheme.

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 OCS at the time the PCT commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made. From 1 April 2008 a voluntary additional pension facility becomes available, under which members may purchase up to £5,000 per annum of additional pension at a cost determined by the actuary from time-to-time.

### **Existing members at 1 April 2008**

Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. From 1 April 2008 there is the opportunity of giving up some of the pension to increase the retirement lump sum. 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. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse or eligible unmarried partner.

Early payment of a pension 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, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement, is payable.

### **New entrants from 1 April 2008**

Annual pensions for new entrants from 1 April 2008 will be based on 1/60th of the best three-year average of pensionable earnings in the ten years before retirement. Members wishing to obtain a retirement lump sum may give up some of this pension to obtain a retirement lump of up to 25% of the total value of their retirement benefits. Survivor pensions will be available to married and unmarried partners and will be equal to 37.5% of the member's pension.

### **Third Party Assets**

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Primary Care Trust has no beneficial interest in them. Details of third party assets are given in Note 23 to the accounts.

### **Cost of Capital Charge**

The cost of capital applies to all the assets and liabilities of the PCT, less cash balances held at the OPG and donated assets. The interest rate applied to capital charges in the 2008/09 financial year was 3.5% (2007/08 3.5%).

## Financial Instruments

### Financial assets

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

Financial assets are initially recognised at fair value.

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

#### Financial assets at fair value through profit and loss

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

#### Held to maturity investments

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

#### Available for sale financial assets

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

#### Loans and receivables

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

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the balance sheet 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 income statement 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 income statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### **Financial liabilities**

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

#### Other financial liabilities:

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

**Note 2. Financial Performance Targets**

**Note 2.1 Revenue Resource Limit**

The PCTs' performance for 2008/09 is as follows:

	<b>2008/09</b>	2007/08
	<b>£000</b>	£000
Total net operating cost for the financial year	1,111,992	1,064,504
Less: Non-discretionary Expenditure	<u>5,819</u>	<u>5,615</u>
<b>Operating Costs less non-discretionary expenditure</b>	<b>1,106,173</b>	<b>1,058,889</b>
Final Revenue Resource Limit for year	1,106,901	1,059,127
<b>Under/(over) spend against Revenue Resource Limit</b>	<b>728</b>	<b>238</b>

**Note 2.2. Capital Resource Limit**

The PCT is required to keep within its Capital Resource Limit

	<b>2008/09</b>	2007/08
	<b>£000</b>	£000
Loss Capital Expenditure	9,326	4,976
Add: Loss in respect of disposals of donated assets	0	0
less: Net book value of assets disposed of	(261)	(193)
less: Capital grants	0	0
less: Donations	<u>0</u>	<u>0</u>
<b>Charge Against the Capital Resource Limit</b>	<b><u>9,065</u></b>	<b><u>4,783</u></b>
<b>Capital Resource Limit</b>	<b><u>9,069</u></b>	<b><u>5,007</u></b>
<b>(Over) / Under spend against Capital Resource Limit</b>	<b><u>4</u></b>	<b><u>224</u></b>

**Note 2.3. Provider full cost recovery duty**

The PCT is required to recover full costs in relation to its provider functions. The performance for 2008/09 is as follows:

	<b>2008/09</b>	2007/08
	<b>£000</b>	£000
Provider gross operating cost	104,076	103,816
less: Miscellaneous income relating to provider functions	<u>(12,904)</u>	<u>(14,058)</u>
<b>Net Operating Cost</b>	<b>91,172</b>	<b>89,758</b>
less: Costs met from PCT's own allocation	<u>(91,174)</u>	<u>(90,033)</u>
<b>Under / (over) recovery of costs</b>	<b><u>(2)</u></b>	<b><u>(275)</u></b>

**Note 3. Miscellaneous Income**

	£000	£000 Not Appropriated In Aid	2008/09 £000	2007/08 £000
Fees and Charges	829		829	1,587
Dental Charge income from contractor led GDS & PDS	9,624		9,624	9,251
Dental Charge income from trust led GDS & PDS	304		304	317
Prescription Charge Income	687		687	4
Strategic Health Authorities		6,243	6,243	5,344
NHS Trusts		15,593	15,593	19,109
Foundation Trusts		3,469	3,469	12
Primary Care Trusts for Drug Action Teams		0	0	0
Primary Care Trusts - other		9,533	9,533	8,197
Primary Care Trusts - Lead Commissioning Income		448,794	448,794	402,858
English RAB Special Health Authorities		0	0	0
Other English Special Health Authorities/CGA Bodies		905	905	0
Department of Health - SMPTB		0	0	0
Department of Health - other		0	0	0
Income for Trust Impairment				0
Local Authorities	1,324		1,324	1,138
Patient Transport Services	0	0	0	0
Education, Training and Research	154	0	154	145
Non NHS: Private Patients	17		17	54
Non-NHS: Overseas Patients (non-reciprocal)	0		0	0
NHS Injury Costs Recovery	27		27	21
Other Non-NHS patient care services	0		0	0
Charitable and other contributions to expenditure	32	0	32	68
Transfer from the donated asset reserve	0	85	85	76
Transfer from the government grant reserve	0	0	0	0
Rental income from finance leases	0	0	0	0
Rental income from operating leases	0	0	0	0
Other income	2,602	0	2,602	2,120
<b>TOTAL MISCELLANEOUS INCOME</b>	<b>15,600</b>	<b>484,622</b>	<b>500,222</b>	<b>450,301</b>

**Notes:**

Appropriations in Aid is income arising from the provision of goods and services to non-NHS bodies, individuals, the private sector and donations.

Total miscellaneous income 2008/09 includes £448m (2007/08: £403m) Sussex Acute Commission income from PCTs outside West Sussex under the host commissioning arrangements established on 1 April 2006.

Of the total miscellaneous income £487,318,000 relates to the Commissioning side of the organisation and £12,904,000 relates to the Provider.

**Note 4. Operating Costs****Note 4.1 Analysis of gross operating costs:**

	2008/09 £000	2007/08 £000
<b>Goods and services from other Primary Care Trusts</b>		
Healthcare	80,427	74,283
Non Healthcare	1,920	2,257
<b>Total</b>	<b>82,347</b>	<b>76,540</b>
<b>Goods and services from other NHS bodies excluding Foundation Trusts</b>		
Healthcare	896,673	876,422
Non Healthcare	6,162	6,857
<b>Total</b>	<b>902,835</b>	<b>883,279</b>
Goods and Services from Foundation Trusts	68,408	17,405
Purchase of healthcare from non-NHS providers	122,439	99,479
Social Care from independent providers	30	0
Expenditure on Drugs Action Teams	5,617	5,270
Non-GMS services from GPs	1,257	3,095
Contractor led GDS & PDS	36,074	36,304
Trust led GDS & PDS	1,462	857
PCT Board members' costs	1,464	1,401
PCT Executive Committee non-officer members' costs	240	103
Staff costs	98,909	91,036
Consultancy services	2,378	3,720
GMS/PMS/APMS/PCTMS	108,549	110,526
Prescribing costs	126,467	126,977
Pharmaceutical Services	116	113
Local Pharmaceutical Service Pilots	0	0
New Pharmacy Contract	7,742	4,084
General Ophthalmic Services	5,819	5,615
Supplies and services - clinical	7,778	6,959
Supplies and services - general	1,547	1,528
Establishment	5,738	7,719
Transport	396	441
Premises	12,545	14,578
Impairment of debtors	0	0
Depreciation	4,240	3,845
Amortisation	0	0
Tangible fixed asset impairments and reversals	0	0
Intangible fixed asset impairments and reversals	0	0
Impairments and reversals of financial assets (by class)	0	0
Change in the fair value of financial instruments	0	0
NHS Trust Impairments	0	0
(Profit)/loss on disposal of fixed assets	(104)	60
Cost of capital charge	1,789	1,619
Audit fees	353	352
Other auditor's remuneration	177	279
Clinical negligence costs	142	40
Other finance costs - unwinding of discount	132	247
Redundancies	1	308
Education and training	1,696	344
Other	3,631	10,676
<b>Total</b>	<b>1,612,214</b>	<b>1,514,799</b>

PCT Board members' costs above include £NIL for early retirements prior to 6/3/95 (2007/08 £NIL).

Staff costs above include £NIL for early retirements prior to 6/3/95 (2007/08 £NIL).

Goods and services from Foundations Trusts reflects the change of Sussex Partnership Trust to a Foundation Trust in Aug 2008.

Of the total expenditure £1,508,138,000 relates to the Commissioning side of the organisation and £104,076,000 relates to the Provider.

**Note 4.2 Analysis of operating expenditure by expenditure classification****Note 4.2 Purchase of Health Care by PCT**

	2008/09 £000	2007/08 £000
<b>Purchase of Primary Health Care</b>		
GMS / PMS/ APMS / PCTMS	108,549	110,002
Prescribing costs	126,467	126,977
Pharmaceutical services	116	113
Contractor led GDS & PDS	36,276	33,436
Trust led GDS & PDS	3,955	1,397
General Ophthalmic Services	5,819	5,615
Department of Health Initiative Funding	0	0
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	7,742	4,084
Non-GMS Services from GPs	1,257	1,485
Other	408	508
<b>Total Primary Healthcare purchased</b>	<b>290,589</b>	<b>283,617</b>
<b>Purchase of Secondary Healthcare</b>		
Learning Difficulties	31,969	30,006
Mental Illness	94,958	93,452
Maternity	22,949	21,482
General and Acute	516,451	462,711
Accident And Emergency	15,132	14,275
Community Health Services	91,903	90,727
Other Contractual	29,542	26,472
<b>Total Secondary Healthcare Purchased</b>	<b>802,904</b>	<b>739,125</b>
Impairments in Trusts	0	0
Grants (revenue) to fund Capital Projects - GMS	0	524
Grants (revenue) to LAs to fund Capital Projects	5,826	77
Grants (revenue) to private sector to fund Capital Projects	0	355
Grants (revenue) to fund Capital Projects - Dental	0	987
Grants (revenue) to fund Capital Projects - other	0	0
<b>TOTAL HEALTHCARE PURCHASED BY PCT</b>	<b>1,099,319</b>	<b>1,023,266</b>
<b>Amount of self-commissioned secondary healthcare included above*</b>	<b>91,174</b>	<b>90,033</b>
<b>Healthcare purchased from Foundation Trusts included above</b>	<b>68,408</b>	<b>11,651</b>
<b>Social Care from Independent Providers **</b>	<b>0</b>	<b>0</b>

\* This is the total of secondary healthcare that the PCT commissioned from itself

\*\* Applicable for Care Trusts only

**Note 4.3 Operating Leases**

**4.3/1 Operating expenses include:**

	2008/09 £000	2007/08 £000
Hire of plant & machinery	170	245
Other operating lease rentals	<u>87</u>	<u>587</u>
<b>Total</b>	<b><u>257</u></b>	<b><u>832</u></b>

**Note 4.3/2 Annual commitments under non - cancellable operating leases are:**

	2008/09 Land and buildings £000	2008/09 Other leases £000	2007/08 Land and buildings £000	2007/08 Other leases £000
<b>Operating leases which expire:</b>				
Within 1 year	0	0	165	9
Between 1 and 5 years	380	0	360	9
After 5 years	<u>790</u>	<u>0</u>	<u>240</u>	<u>0</u>
<b>Total</b>	<b><u>1,170</u></b>	<b><u>0</u></b>	<b><u>765</u></b>	<b><u>18</u></b>

**Note 5. Staff numbers and related costs****Note 5.1 Staff costs**

	2008/09			2007/08		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	84,773	76,012	8,761	77,942	71,373	6,569
Social security costs	5,886	5,688	198	5,478	5,298	180
Employer contributions to NHSBSA	9,844	9,627	217	9,116	8,895	221
Other pension costs	0	0	0	210	210	0
<b>Total</b>	<b>100,503</b>	<b>91,327</b>	<b>9,176</b>	<b>92,746</b>	<b>85,776</b>	<b>6,970</b>

**Note 5.2 Staff Numbers**

	2008/09			2007/08		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	99	83	16	47	47	0
Ambulance staff	0	0	0	0	0	0
Administration and estates	1379	1267	112	1150	1086	64
Healthcare assistants & other support staff	500	464	36	289	287	2
Nursing, midwifery & health visiting staff	960	895	65	1043	888	155
Nursing, midwifery & health visiting learners	0	0	0	16	16	0
Scientific, therapeutic and technical staff	300	260	40	279	274	5
Social Care staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>Total</b>	<b>3238</b>	<b>2969</b>	<b>269</b>	<b>2824</b>	<b>2598</b>	<b>226</b>

**Note 5.3 Employee benefits**

	2008/09 £000	2007/08 £000
There were no employee benefits provided in 2008/09 (none in 2007/08)	0	0
	<b>0</b>	<b>0</b>

**Note 5.4 Retirements due to ill-health**

During 2008/09 there were 4 early retirements from the Primary Care Trust agreed on the grounds of ill-health (2007/08: 5). The estimated additional pension liabilities of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £132k (2007/08: £123k).

**Note 5.5 Management costs**

	2008/09	2007/08
Management costs (£000s)	15,033	13,791
Weighted population (Number)	733,566	729,476
<b>Management cost per head of weighted population (£)</b>	<b>20.49</b>	<b>18.91</b>

The PCT measures its management costs according to the definitions provided by the Department of Health.

**Note 6. Better Payment Practice Code**

**Note 6.1 Better Payment Practice Code - measure of compliance**

	2008/09 Number	2008/09 £000	2007/08 Number	2007/08 £000
<b>Non-NHS Creditors</b>				
Total bills paid in the year	60,994	182,203	56,583	169,992
Total bills paid within target	53,673	157,909	46,379	144,395
Percentage of bills paid within target	<b>88.00%</b>	<b>86.67%</b>	<b>81.97%</b>	<b>84.94%</b>
<b>NHS Creditors</b>				
Total bills paid in the year	4,781	1,508,221	6,571	1,466,433
Total bills paid within target	3,158	1,433,397	3,723	1,381,484
Percentage of bills paid within target	<b>66.05%</b>	<b>95.04%</b>	<b>56.66%</b>	<b>94.21%</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

**Note 6.2 The Late Payment of Commercial Debts (Interest) Act 1998**

	2008/09 £000	2007/08 £000
Amounts included within Interest Payable (Note 7) arising from claims made by businesses under this legislation	0	6
Compensation paid to cover debt recovery costs under this legislation	0	0

**Note 7.1 Other Gains and Losses**

	2008/09 £000	2007/08 £000
Profit on disposal of intangible assets	0	0
Loss on disposal of intangible assets	0	(6)
Profit on disposal of land and buildings	104	13
Loss on disposal of land and buildings	0	(45)
Profits on disposal of plant and equipment	0	0
Loss on disposal of plant and equipment	0	(22)
Profit on disposal of investment assets	0	0
Loss on disposal of investment assets	0	0
Gain/(loss) on foreign exchange	0	
Change in fair value of financial assets carried at fair value through profit and loss	0	
Change in fair value of financial liabilities carried at fair value through profit and loss	0	
Recycling gains/(loss) from equity on disposal of financial assets held for sale	0	
<b>Total</b>	<b>104</b>	<b>(60)</b>

The only disposal in 2008/09 was of 57 Ashenground Road to a private purchaser.

**Note 7.2 Analysis of Impairments charged to operating costs**

There were no impairments during the year or in the prior year charged to the operating costs.

A potential impairment of Crawley Hospital may arise in 2009/10 as a result of the change in valuation methodology from Direct Replacement Cost (DRC) to Modern Equivalent Asset Valuation (MEAV) as a result of the implementation of International Financial Reporting Standards for the NHS in 2009/10.

**Note 8. Finance Costs**

	2008/09 £000	2007/08 £000
<b>Payable:</b>		
Finance leases	0	0
Late payment of commercial debt penalties	0	0
Loans	0	0
Bank loans and overdrafts	0	0
Other interest and finance costs	0	6
<b>TOTAL</b>	<b>0</b>	<b>6</b>

**Note 9. Intangible Fixed Assets**

The PCT held no intangible assets in 2008/09

**Note 10. Tangible Fixed Assets**

Note 10.1 Tangible fixed assets at the balance sheet date comprise the following elements:

	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>Cost or valuation at 1 April 2008</b>	29,731	84,055	0	5,526	1,586	30	4,556	962	126,446
Additions - purchased	374	2,751	0	3,791	1,336	0	1,022	52	9,326
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Indexation	(3,139)	(1,024)	0	(23)	0	0	96	0	(4,186)
Reclassifications	0	3,519	0	(3,618)	3	0	0	0	0
In year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Other in year revaluation	(6,951)	(4,191)	0	0	0	0	0	0	(11,142)
Disposals	(96)	(188)	0	0	0	0	0	0	(284)
<b>At 31 March 2009</b>	<b>19,919</b>	<b>84,922</b>	<b>0</b>	<b>5,676</b>	<b>2,925</b>	<b>30</b>	<b>5,674</b>	<b>1,014</b>	<b>120,160</b>
<b>Accumulated depreciation at 1 April 2008</b>									
Provided during the year	0	3,093	0	0	910	24	1,593	877	3,404
Impairments	0	0	0	0	140	4	976	27	4,240
Reversal of Impairments	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Indexation	0	0	0	0	0	0	0	0	0
Other in year revaluation	0	0	0	0	0	0	0	0	0
In year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Disposals	(23)	(23)	0	0	0	0	0	0	(23)
<b>Accumulated depreciation at 31 March 2009</b>	<b>0</b>	<b>3,070</b>	<b>0</b>	<b>0</b>	<b>1,050</b>	<b>28</b>	<b>2,569</b>	<b>904</b>	<b>7,621</b>
<b>Net book value</b>									
- Purchased at 1 April 2008	29,567	82,275	0	5,526	661	6	2,963	85	121,083
- Donated at 1 April 2008	164	1,780	0	0	15	0	0	0	1,959
- Government Granted at 1 April 2008	0	0	0	0	0	0	0	0	0
<b>Total at 1 April 2008</b>	<b>29,731</b>	<b>84,055</b>	<b>0</b>	<b>5,526</b>	<b>676</b>	<b>6</b>	<b>2,963</b>	<b>85</b>	<b>123,042</b>
<b>Net book value</b>									
- Purchased at 31 March 2009	19,772	80,172	0	5,676	1,865	2	3,105	110	110,702
- Donated at 31 March 2009	147	1,680	0	0	10	0	0	0	1,837
- Government Granted at 31 March 2009	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2009</b>	<b>19,919</b>	<b>81,852</b>	<b>0</b>	<b>5,676</b>	<b>1,875</b>	<b>2</b>	<b>3,105</b>	<b>110</b>	<b>112,539</b>

Of the totals at 31 March 2009, £nil related to land valued at open market value and £nil related to buildings, installations and fittings valued at open market value.

Other in year revaluation for land and buildings of £-1,142K reflects the adjusted negative indexation of -4.98% for buildings and -28% for land charged as a price impairment to the Statement of Recognised gains and losses.

## Note 10.2/1 Asset Financing

	Land	Buildings, excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net book value 31 March 2009</b>									
Owned	19,919	81,852	0	5,676	1,875	2	3,105	110	112,539
Finance Leased	0	0	0	0	0	0	0	0	0
On balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>Total 31 March 2009</b>	<b>19,919</b>	<b>81,852</b>	<b>0</b>	<b>5,676</b>	<b>1,875</b>	<b>2</b>	<b>3,105</b>	<b>110</b>	<b>112,539</b>
<b>Net book value 1 April 2008</b>									
Owned	29,731	84,055	0	5,526	676	6	2,963	85	123,042
Finance Leased	0	0	0	0	0	0	0	0	0
On balance sheet PFI contracts	0	0	0	0	0	0	0	0	0
PFI residual interests	0	0	0	0	0	0	0	0	0
<b>Total 1 April 2008</b>	<b>29,731</b>	<b>84,055</b>	<b>0</b>	<b>5,526</b>	<b>676</b>	<b>6</b>	<b>2,963</b>	<b>85</b>	<b>123,042</b>

Note 10.2/2 The total amount of depreciation charged to the income and expenditure in respect of assets held under finance leases and hire purchase contracts:

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Depreciation 31 March 2009	0	0	0	0	0	0	0	0	0
Depreciation 31 March 2008	0	0	0	0	0	0	0	0	0

Note 10.3 The net book value of land, buildings and dwellings at 31 March 2009 comprises:

	2008/09	2008/09	2008/09	2007/08
	Purchased	Donated	Government Granted	Total
	£000	£000	£000	£000
Freehold	98,950	1,826	0	100,816
Long Leasehold	955	0	0	955
Short Leasehold	0	0	0	0
<b>TOTAL</b>	<b>99,945</b>	<b>1,826</b>	<b>0</b>	<b>101,771</b>
				<b>113,786</b>

**Note 10.4 Fixed assets investments**

The PCT held no Fixed Asset investments as at 31st March 2009 (none as at 31st March 2008)

**Note 10.5 Other Financial Assets**

	Current financial assets 31 March 2009 £000	Fixed financial assets 31 March 2009 £000
Financial assets carried at fair value through profit and loss	0	0
Held to maturity investments at amortised cost	0	0
Available for sale financial assets carried at fair value	0	0
Loans carried at amortised cost	0	0
<b>Total</b>	<u><u>0</u></u>	<u><u>0</u></u>

**Note 10.6 Economic Lives of Fixed Assets**

	Minimum Life (years)	Maximum Life (years)
Software Licences	0	0
Licences and Trademarks	0	0
Patents	0	0
Development Expenditure	0	0
Buildings excl. Dwellings	0	84
Dwellings	0	0
Plant and Machinery	0	20
Transport Equipment	0	7
Information Technology	0	10
Furniture and Fittings	0	10

The minimum life of assets is 0 years for every class of asset held. There are therefore assets with 0 years left that have not been disposed of at 31st March 2009.

**Note 11. Stock and work in progress**

	31 March 2009 £000	31 March 2008 £000
Raw materials and consumables	84	74
Work-in-progress	0	0
Finished goods	0	0
<b>Total</b>	<u><u>84</u></u>	<u><u>74</u></u>

**Note 12.1 Debtors**

	31 March 2009	31 March 2008
	£000	£000
<b>Amounts falling due within one year:</b>		
NHS debtors	8,177	12,919
Non NHS trade debtors	1,945	1,996
Provision for impairment of debtors	0	0
Prepayments and accrued income	7,529	6,134
Capital debtors - NHS	0	0
Capital debtors - Non NHS	0	0
Current part of PFI prepayments	0	0
Other debtors	<u>2,244</u>	<u>2,398</u>
	<u>19,895</u>	<u>23,447</u>
<b>Amounts falling due after more than one year:</b>		
NHS debtors	0	0
Non NHS trade debtors	0	0
Provision for impairment of debtors	0	0
Prepayments and accrued income	137	0
Capital debtors - Non NHS	0	0
Current part of PFI prepayments	0	0
Other debtors	<u>0</u>	<u>0</u>
	<u>137</u>	<u>0</u>
<b>TOTAL</b>	<u>20,032</u>	<u>23,447</u>

**NHS Debtors include;**

The PCT has no prepaid pension contributions and no prepayments for the buyout of early retirements as at 31 March 2009

**Note 12.2 Provision for impairment of debtors**

	31 March 2009
	£000
<b>Balance at 1 April</b>	0
Amount written off during the year	0
Amount recovered during the year	0
(Increase)/decrease in debtors impaired	<u>0</u>
<b>Balance at 31 March</b>	<u>0</u>

**Note 12.3 Debtors past due date but not impaired:**

	31 March 2009
	£000
By up to 3 months	8,957
By 3 to 6 months	1,275
By more than 6 months	<u>1,165</u>
<b>TOTAL</b>	<u>11,397</u>

**Note 13. Creditors**

**Note 13.1 Creditors at the balance sheet date are made up of:**

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors - revenue	13,332	20,269
NHS creditors - capital	0	0
Family Health Services (FHS) creditors	6,106	20,510
Non - NHS trade creditors - revenue	11,410	12,570
Non - NHS trade creditors - capital	1,019	0
Tax	748	725
VAT	0	0
Social Security costs	759	899
Obligations under finance leases and hire purchase contracts	0	0
Other creditors	2,664	1,734
Accruals and deferred income	44,011	25,513
Current part of finance lease element of on balance sheet PFI contracts	0	0
	<b>80,049</b>	<b>82,220</b>
<b>Amounts falling due after more than one year:</b>		
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Imputed finance leases element of on balance sheet PFI contracts	0	0
Other	0	0
	<b>0</b>	<b>0</b>
<b>Total</b>	<b>80,049</b>	<b>82,220</b>

NHS creditors include;

The PCT has not made any payments to buy out the liability for early retirements over 5 years.

The PCT has no payments due in future years under arrangements to buy

**Note 12.1 Debtors**

	31 March 2009	31 March 2008
	£000	£000
<b>Amounts falling due within one year:</b>		
NHS debtors	8,177	12,919
Non NHS trade debtors	1,945	1,996
Provision for impairment of debtors	0	0
Prepayments and accrued income	7,529	6,134
Capital debtors - NHS	0	0
Capital debtors - Non NHS	0	0
Current part of PFI prepayments	0	0
Other debtors	2,244	2,398
	<u>19,895</u>	<u>23,447</u>
<b>Amounts falling due after more than one year:</b>		
NHS debtors	0	0
Non NHS trade debtors	0	0
Provision for impairment of debtors	0	0
Prepayments and accrued income	137	0
Capital debtors - Non NHS	0	0
Current part of PFI prepayments	0	0
Other debtors	0	0
	<u>137</u>	<u>0</u>
<b>TOTAL</b>	<u>20,032</u>	<u>23,447</u>

**NHS Debtors include;**

The PCT has no prepaid pension contributions and no prepayments for the buyout of early retirements as at 31 March 2009

**Note 12.2 Provision for impairment of debtors**

	31 March 2009
	£000
<b>Balance at 1 April</b>	0
Amount written off during the year	0
Amount recovered during the year	0
(increase)/decrease in debtors impaired	0
<b>Balance at 31 March</b>	<u>0</u>

**Note 12.3 Debtors past due date but not impaired:**

	31 March 2009
	£000
By up to 3 months	8,957
By 3 to 6 months	1,275
By more than 6 months	1,165
<b>TOTAL</b>	<u>11,397</u>

**Note 13. Creditors**

**Note 13.1 Creditors at the balance sheet date are made up of:**

	31 March 2009 £000	31 March 2008 £000
<b>Amounts falling due within one year:</b>		
Bank overdrafts	0	0
Interest payable	0	0
Payments received on account	13,332	20,269
NHS creditors - revenue	0	0
NHS creditors - capital	6,106	20,510
Family Health Services (FHS) creditors	11,410	12,570
Non - NHS trade creditors - revenue	1,019	0
Non - NHS trade creditors - capital	748	725
Tax	0	0
VAT	759	899
Social Security costs	0	0
Obligations under finance leases and hire purchase contracts	2,664	1,734
Other creditors	44,011	25,513
Accruals and deferred income	0	0
Current part of finance lease element of on balance sheet PFI contracts	<u>0</u>	<u>0</u>
	<b>80,049</b>	<b>82,220</b>
<b>Amounts falling due after more than one year:</b>		
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	0	0
Imputed finance leases element of on balance sheet PFI contracts	0	0
Other	<u>0</u>	<u>0</u>
	<b>80,049</b>	<b>82,220</b>

**Total**

NHS creditors include;

The PCT has not made any payments to buy out the liability for early retirements over 5 years.

The PCT has no payments due in future years under arrangements to buy out the liability for early retirements over 5 years (2007/08 £0); and

The PCT has no outstanding pensions contributions at 31 March 2009 (£0 at 31 March 2008)

**Note 13.1/1 Other Financial Liabilities**

	Within one year 31 March 2009 £000	After more than one year 31 March 2009 £000
Financial liabilities carried at fair value through profit and loss	<u>0</u>	<u>0</u>

**Note 13.2 Finance lease obligations**

West Sussex PCT has not entered into any finance leases.

**Note 13.3 Finance Lease Commitments**

West Sussex PCT has not entered into any finance lease commitments

**Note 14. Provisions for liabilities and charges**

	Pensions relating to former directors/members £000	Pensions relating to other staff £000	Legal claims £000	Restructurings £000	Other £000	Total £000
At 1 April 2008	0	4,299	1,130	186	1,679	7,294
Arising during the year*	0	0	902	0	0	902
Utilised during the year	0	(544)	(13)	(12)	(382)	(951)
Reversed unused	0	(120)	0	(174)	(1,080)	(1,374)
Unwinding of discount transfer in-year	0	118	14	0	0	132
	0	0	0	0	0	0
<b>At 31 March 2009</b>	<b>0</b>	<b>3,753</b>	<b>2,033</b>	<b>0</b>	<b>217</b>	<b>6,003</b>
Future Payments to NHS trusts	0	2,591	20	0	0	2,611
Future Payments to NHS Foundation Trusts	0	0	1,044	0	0	1,044
Future Payments to Primary Care Trusts	0	0	0	0	0	0
<b>Expected timing of cash flows:</b>						
Within 1 year	0	544	13	0	217	774
1 - 5 years	0	939	508	0	0	1,447
Over 5 years	0	2,270	1,512	0	0	3,782

\* Provisions relating to the PCT's own provider functions are shown gross with the expected reimbursements from the NHSLA included in debtors

Back to back provisions held with NHS trusts within headings 'Pensions relating to staff' and 'Legal claims' amount to £3654K (31.3.2008 £4372k)

Provisions for early retirement costs of the PCT's own staff within headings 'Pensions relating to staff' and 'Legal claims' amount to £2135K (31.3.2008 £1544k)

£84k is included in the provisions of the NHSLA at 31.3.2009 in respect of clinical negligence provisions of the PCT (31.3.2008 £84k).

The balances classified under 'Other' include a sum of £214k (2007/08 £1.3m) in respect of long-term care obligations

**Note 15. Movements on Reserves**

Movements on reserves in the year comprised the following:

	Revaluation reserve		Donated asset reserve		Government grant reserve		Other reserves		General Fund	
	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000	2008/09 £000	2007/08 £000
At 1 April	32,171	23,881	1,961	1,885	0	0	0	0	25,302	11,172
PPA: elimination of negative revaluation reserves in respect of change in policy on impairments	0		0		0				0	
Net Parliamentary Funding									1,112,851	1,077,007
Cost of Capital Charge									1,789	1,619
Transfer from the OCS									(1,111,992)	(1,064,504)
Fixed asset impairments	0	0	0	0	0	0				
Surplus/(deficit) on other revaluations/indexation of fixed assets	(15,289)	8,298	(39)	152	0	0				
Transfer of realised profits (losses)	(24)	(8)	0	0	0	0				8
Receipt of donated/Government granted assets			0		0					
Depreciation and disposal of donated/Government granted assets			0	(76)	0	0				
Transfers to/(from) other NHS Bodies			0	0	0	0			0	0
Other movements on reserves	0	0	0	0	0	0			0	0
[specify]										
At 31 March	16,858	32,171	1,837	1,961	0	0	0	0	27,974	25,302

**Note 16. Notes to the cash flow statement****Note 16.1 Reconciliation of operating costs to net cash flow from operating activities:**

	2008/09 £000	2007/08 £000
Net operating Cost	(1,111,992)	(1,064,498)
Depreciation charge	4,240	3,845
Cost of capital charge	1,789	1,619
Fixed asset impairments	0	0
(Profit)/loss on disposal of fixed assets	(104)	60
Non-cash movement in provisions	(340)	1,793
Transfer from donated asset reserve	(85)	(76)
Transfer from the Government grant reserve	0	0
(Increase)/decrease in stocks	(10)	18
(Increase)/decrease in debtors	3,415	9,992
Increase/(decrease) in creditors	(3,190)	(17,119)
Increase/(decrease) in provisions	(951)	(5,151)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,107,228)</b>	<b>(1,069,517)</b>

**Note 16.2 Reconciliation of net cash flow to movement in net debt**

	2008/09 £000	2007/08 £000
Increase/(decrease) in cash in the period	(2,319)	2,638
Cash outflow from finance lease payments	0	0
Cash (inflow)/outflow from (decrease)/increase in liquid resources	0	0
<b>Change in net debt resulting from cash flows</b>	<b>(2,319)</b>	<b>2,638</b>
Non - cash changes in debt	0	0
<b>Net debt at 1 April 2008</b>	<b>2,385</b>	<b>(253)</b>
<b>Net debt at 31 March 2009</b>	<b>66</b>	<b>2,385</b>

**Note 16.3 Analysis of changes in net debt**

	At 31 March 2009 £000	Cash flows in year £000	Non-cash changes in year £000	Transfers to/ from NHS bodies £000	At 1 April 2008 £000
OPG cash at bank	49	48	0	0	1
Cash at bank and in hand	17	(2,367)	0	0	2,384
Bank overdrafts	0	0	0	0	0
Finance leases due within one year	0	0	0	0	0
Finance leases due after one year	0	0	0	0	0
Current asset investments	0	0	0	0	0
<b>Total</b>	<b>66</b>	<b>(2,319)</b>	<b>0</b>	<b>0</b>	<b>2,385</b>

**Note 17. Capital Commitments**

There are no Capital expenditure contracts at the balance sheet date

**Note 18. Post Balance Sheet Events**

There are no significant Post Balance Sheet events which would have a material effect on the accounts

**Note 19. Contingencies**

The Primary Care Trust has the following contingent (losses)/gains which have not been included in the accounts:

	2008/09 £000	2007/08 £000
Gross value	(1,353)	(430)
Amounts recoverable (if any)	<u>0</u>	<u>0</u>
Net Contingent Liability	<u>(1,353)</u>	<u>(430)</u>

A contingent liability of £1353k (2007/08: £430k) has been identified by the PCT as a result of the Health Ombudsman's ruling following the Coughlan Report which dealt with issues about the funding of nursing care for the elderly in nursing homes. The contingent liability excludes the cost of the provision made in the accounts for the estimated costs of those applications for which requests for reviews have already been received (see Note 14).

**Note 20. Related Party Transactions**

West Sussex 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 West Sussex Primary Care Trust.

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
Dr J Price (PEC) - Parklands Surgery	1,057	0	0	0
Dr A. Foulkes (PEC) - Avisford Medical Centre	1,490	0	0	0
Dr S. Kelly (PEC) - Lavant Road Surgery	1,244	0	0	0
Dr T. Fooks (PEC) - Pulborough	1,912	0	0	0
Dr D. Skipp (PEC) - Park Horsham (Dec 08)	2,035	0	0	0
J Barclay (Non-Executive Director) - NAM Publ	0	0	0	0
Rev. M. Liles (Non-Executive Director) - Crawk	0	0	0	0

The Department of Health is regarded as a related party. During the year West Sussex 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;

- South East Coast SHA
- South Central SHA
- NHS Business Services Authority
- NHS Litigation Authority
- Dental Practices Board
- NHS Supply Chain
- NHS Direct
- Brighton & Hove PCT
- Brighton & Sussex University Hospitals
- East Sussex Downs & Weald PCT
- Portsmouth Hospitals NHS Trust
- Royal West Sussex NHS Trust
- South Downs Health NHS Trust
- South East Coast Ambulance Service Trust
- Surrey & Borders Partnership NHS Trust
- Surrey & Sussex Healthcare NHS Trust
- Surrey PCT
- Sussex Partnership NHS Trust
- West Kent PCT
- Worthing & Southlands Hospitals NHS Trust

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions have been with West Sussex County Council in respect of joint enterprises.

**Prior Year comparators**

	2007/08 Payments to Related Party £000	2007/08 Receipts from Related Party £000	2007/08 Amounts owed to Related Party £000	2007/08 Amounts due from Related Party £000
Dr A. Smith (PEC) - Northbourne Medical Centre (ceased Oct	522	0	0	0
Dr A. Bhargava (PEC) - Southgate (ceased October 2007)	332	0	0	0
Dr M. Patel (PEC) - Moatfield Surgery (ceased October 2007)	846	0	0	0
Dr A. Foulkes (PEC) - Avisford Medical Centre	1,802	2	83	0

Dr S. Kelly (PEC) - Lavant Road Surgery (November 2007 on	664	0	83	0
Dr T. Fooks (PEC) - Pulborough (November 2007 onwards)	875	0	93	0
Dr D. Skipp (PEC) - Park Horsham (November 2007 onwards	886	0	171	0
Rev. M. Liles (Non-Executive Director) - Crawley Open House	3	0	0	0
A Skinner (Deputy Director of Finance) - Take Note Publishing	2	0	0	0

The Department of Health is regarded as a related party. During the year West Sussex 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:

South East Coast SHA  
 South Central SHA  
 NHS Business Services Authority  
 NHS Litigation Authority  
 Dental Practices Board  
 NHS Supply Chain  
 NHS Direct  
 Brighton & Hove PCT  
 Brighton & Sussex University Hospitals  
 East Sussex Downs & Weald PCT  
 Portsmouth Hospitals NHS Trust  
 Royal West Sussex NHS Trust  
 South Downs Health NHS Trust  
 South East Coast Ambulance Service Trust  
 Surrey & Borders Partnership NHS Trust  
 Surrey & Sussex Healthcare NHS Trust  
 Surrey PCT  
 Sussex Partnership NHS Trust  
 West Kent PCT  
 Worthing & Southlands Hospitals NHS Trust

In addition, the Primary Care Trust has had a significant number of material transactions with other Government Departments and other central and local Government bodies, notably West Sussex County Council in respect of joint enterprises.

**Note 21. Private Finance Transactions**

**Note 21.1 PFI schemes deemed to be off-balance sheet**

The PCT has undertaken a community hospital review and, as part of this review, there have been on-going negotiations regarding a Public Finance Initiative project to build a new Arun Community Hospital.

As a consequence of a wider review of commitments and spending being undertaken within the NHS in Surrey and Sussex in 2006, the PCT had agreed with the South East Coast Strategic Health Authority that a final decision to move forward with plans for East Arun Community Hospital would be deferred. In January 2008 the PCT Board confirmed their support for developing a community hospital facility.

A total of £552k has been spent to date from the project's inception in 2004/05 (£147k in 2005/06 and £375k in 2004/05). This includes the cost of refurbishing Zachary Merton Hospital in preparation for the transfer of patients from Littlehampton Hospital.

**Note 22. Financial Instruments**

FRS 29, Financial Instruments: Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the way Primary Care Trusts are financed, they are not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 29 mainly applies. The PCT has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the PCT in undertaking its activities.

As allowed by FRS 29, debtors and creditors that are due to mature or become payable within 12 months from the balance sheet date have been omitted from all disclosures other than the currency profile.

**Liquidity risk**

Most of the PCT's net operating costs are incurred under annual service agreements with local Primary Care Trusts, NHS Trusts and NHS Foundation Trusts and are financed from resources voted annually by Parliament or directly financed from resources voted annually by Parliament. The PCT also largely finances its capital expenditure from funds made available from Government. West Sussex Primary Care Trust is not, therefore, exposed to significant liquidity risks.

**Interest-Rate Risk**

100% of the PCT's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. West Sussex PCT is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the PCT's financial assets and liabilities:

**Note 22.1 Financial Assets**

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted ave interest rate	Weighted ave period for which fixed	Weighted average term
	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	66	0	0	66	0	0	0
Other	137	0	0	137	0	0	0
<b>Gross financial assets</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>203</b>			
At 31 March 2008							
Sterling	2,385	0	0	2,385	0	0	0
Other	0	0	0	0	0	0	0
<b>Gross financial assets</b>	<b>2,385</b>	<b>0</b>	<b>0</b>	<b>2,385</b>			

**Note 22.2 Financial Liabilities**

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing
					Weighted ave interest rate	Weighted ave period for which fixed	Weighted average term until maturity
	£000	£000	£000	£000	%	Years	Years
At 31 March 2009							
Sterling	0	0	0	0	0	0	0
Other	5,227	0	5,227	0	9	0	0
<b>Gross financial assets</b>	<b>5,227</b>	<b>0</b>	<b>5,227</b>	<b>0</b>			
At 31 March 2008							
Sterling	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Gross financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			

**Foreign Currency Risk**

The PCT has no/negligible foreign currency income or expenditure.

**Note 22.3 Fair Values**

The only asset held at fair value is cash at bank and in hand of £66k

**Note 22.4 Financial Assets**

	At fair value through profit and loss £000	Loans and receivables £000	Available for sale £000	Total £000
Embedded derivatives	0	0	0	0
NHS debtors	0	0	0	0
Non NHS debtors	0	137	0	137
Cash at bank and in hand	0	66	0	66
Other financial assets	0	0	0	0
<b>Total at 31 March 2009</b>	<b>0</b>	<b>203</b>	<b>0</b>	<b>203</b>

**Note 22.5 Financial Liabilities**

	At fair value through profit and loss £000	Other £000	Total £000
Embedded derivatives	0	0	0
NHS creditors	0	0	0
Non NHS creditors	0	0	0
Borrowings	0	0	0
Private Finance Initiative and finance lease obligations	0	5227	5227
Other financial liabilities	0	0	0
<b>Total at 31 March 2009</b>	<b>0</b>	<b>5,227</b>	<b>5,227</b>

**Note 23. Third party assets**

The PCT held £204 cash at bank and in hand at 31/3/2009 which relates to monies held on behalf of patients (£1K at 31/3/08). This has been excluded from cash at bank and in hand figure reported in the accounts.

There were no other third party assets held

Note 24. Pooled Budget

1) Community Equipment Partnership Agreement

ANNEX A

WSSCC POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/08 to 31/03/09

Gross Funding	Cash	Staff	Other	Grant	2008/09 TOTAL	2007-08 TOTAL
	£	£	£	£	£	£
	000's	000's	000's	000's	000's	000's
West Sussex PCT	3,457	70	-	-	3,527	3,032
West Sussex County Council	1,886	47	-	-	1,933	2,079
<b>Total Funding (a)</b>	<b>5,343</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>5,460 (a)</b>	<b>5,111</b>
Expenditure	Cash	Staff	Other	Grant		
Management Fee	1,929	-	-	-	1,929	2,028
Equipment	3,216	-	-	-	3,216	2,647
Delivery/Collection	198	-	-	-	198	304
Implementation	-	-	-	-	-	-
Administration	-	117	-	-	117	132
			-	-	-	
<b>Total Expenditure (b)</b>	<b>5,343</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>5,460 (b)</b>	<b>5,111</b>
<b>Net underspend / overspend (a) - (b)</b>					<b>0</b>	<b>0</b>

Note 24. Pooled Budget cont'd

2) West Sussex Primary Care Trust - Mental Health Pooled Budget

Pooled Memorandum Account for the year end 31st March 2009

	£	£
Gross funding		
West Sussex County council		9,201,900
West Sussex PCT		66,548,639
Total Funding		<u>75,750,539</u>
Expenditure		
West Sussex County Council		6,111,683
NHS Healthcare Providers		62,226,268
Non NHS Healthcare Providers		7,388,829
Total Expenditure		<u>75,726,780</u>
Pooled Fund Balance overspend / (underspend)		<u>(23,759)</u>

Note 24. Pooled Budget cont'd

3) Learning Disabilities Partnership Agreement

WSSC POOLED FUND MEMORANDUM ACCOUNT for the period 01/04/08 to 31/03/09

Gross Funding	Cash	Staff	Other	Grant	TOTAL	2007-08
	£	£	£	£	£	TOTAL
	000's	000's	000's	000's	000's	000's
West Sussex County Council	29,641	9,815		439	39,895	38,452
West Sussex PCT	26,638	154	4,999		31,791	30,542
<b>Total Funding (a)</b>	<b>56,279</b>	<b>9,969</b>	<b>4,999</b>	<b>439</b>	<b>71,686</b>	<b>(a) 68,994</b>
Expenditure	Cash	Staff	Other	Grant		
Independent Sector	28,409			351	28,760	27,142
Community Support	3,131				3,131	2,927
Supported Living	10,129			425	10,554	8,868
Other Commissioned Services	1,037			287	1,324	932
WSSC In - House Services	673	10,148			10,821	11,907
SP Trust	13,133			- 300	12,833	12,776
Section 28a			4,263		4,263	4,442
<b>Total Expenditure (b)</b>	<b>56,512</b>	<b>10,148</b>	<b>4,263</b>	<b>763</b>	<b>71,686</b>	<b>(b) 68,994</b>
<b>Net underspend / overspend (a) - (b)</b>						<b>0</b>

CERTIFICATE OF CHIEF FINANCIAL OFFICER / DIRECTOR OF FINANCE

I certify that the above pooled fund memorandum account accurately discloses the income received and the expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations. Entered under section 31 of the Health Act 1999 (Now Section 75 of the National Health Service Act 2006)

**Note 25 Losses and Special Payments**

There were 17 cases of losses and special payments (2007/08: 154 cases) totalling £199k (2007/08: £77k) approved during

There were no clinical negligence cases where the net payment exceeded £100,000 (2007/08: None).

There were no fraud cases where the net payment exceeded £100,000 (2007/08: None).

There were no personal injury cases where the net payment exceeded £100,000 (2007/08: None).

There were no compensation under legal obligation cases where the net payment exceeded £100,000 totalling £NIL (2007/08: None).

There were no fruitless payment cases where the net payment exceeded £100,000 (2007/08: None).

Note: The total costs included in this note are on an accruals basis.

**Note 26 Intra-government balances**

	Debtors Amounts falling due within one year £000	Debtors Amounts falling due after more than one year £000	Creditors Amounts falling due within one year £000	Creditors Amounts falling due after more than one year £000
Balances with other central government bodies	2,954	0	3,193	0
Balances with local authorities	0	0	0	0
Balances with NHS Trusts/FTs	7,907	0	18,721	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to Government	9,034	137	58,135	0
<b>At 31 March 2009</b>	<b>19,895</b>	<b>137</b>	<b>80,049</b>	<b>0</b>
Balances with other central government bodies	0	0	1,655	0
Balances with local authorities	443	0	1,922	0
Balances with NHS Trusts/FTs	12,919	0	19,763	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to Government	10,085	0	58,880	0
<b>At 31 March 2008</b>	<b>23,447</b>	<b>0</b>	<b>82,220</b>	<b>0</b>