Annual Report
Norwich Primary Care Trust
2006/07

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Introduction

On the 30 September 2006 Norwich Primary Care Trust (PCT) ceased to exist under the national Commissioning a Patient-Led NHS (CPLNHS) reconfiguration. Its activities were transferred to the newly formed Norfolk Primary Care Trust (PCT) on the 1 October 2006.

This report covers the six months ending September 2006 and should be read in conjunction with the 2006/07 report for Norfolk PCT.

Overview of business activity

Norwich PCT was able to start 2006/07 with a balanced financial plan even after accounting for the repayment of the £1.3 million deficit brought forward from 2005/06 and the deduction of £4.6 million by the Strategic Health Authority as part its plans to balance the overall financial problems within the region. This did not mean that the PCT was not facing difficult times or that the proposals put forward were not going to cause pain in the system, but it was a measure of the determination across the PCT to put the local health system in Norwich into financial balance. This was achieved by looking at all aspects of expenditure and taking difficult decisions, such as the reduction of £2 million in the mental health contract with Norfolk and Waveney Mental Health Partnership NHS Trust, which was based on clear evidence that the PCT was spending significantly above average on mental health services when compared to similar urban populations.

All of this work on financial recovery was undertaken against a backdrop of major organisational change and the staff and managers of the PCT played their full part in working towards the disestablishment of Norwich and the creation of the new Norfolk PCT, so that changeover at the 1st October 2006 was as smooth as possible and did not impact on patient care.

During the final 6 months of its existence the PCT still had to deliver against the key national and local objectives and good progress was made against most of the key headings, although activity at the Norfolk and Norwich University Hospital NHS Trust was higher than anticipated. In order to help manage this activity the PCT had continued with the investment in local rapid response teams and these had been extremely successful in helping to contain the increase in the number of emergency admissions and this particular approach was taken up by Norfolk PCT as a way of managing emergency admissions across the county.

The final 6 months of the PCT were always going to be difficult particularly with the looming financial deficit for Norfolk PCT, but the staff of Norwich PCT can be rightly proud of their achievements in continuing to provide and

commission quality patient care through this period of great change and upheaval and the thanks of the Norwich PCT Board go to all of the staff for their efforts now and during the last five and half years.

Norwich PCT encompassed 17 General Practitioner (GP) practices. There were also 30 dental, 26 optical and 30 pharmacy premises. The PCT covered the same area as Norwich City Council, with a registered GP population of 139,487 with approximately 21,538 of those aged over 65.

The PCT provided a range of general community services to the population of Norwich and specialist community health services to the people of Norwich and residents outside the area, mainly with the three other central Norfolk PCTs – Broadland, Southern Norfolk and North Norfolk. These included services for children, including child protection; specialist neuro-rehabilitation, palliative care services and community dentistry. In addition, the PCT also had responsibility for the primary health care services for prisoners at Norwich Prison and the management and provision of Learning Difficulties health services across Norfolk, including the medium secure unit at Broadland Clinic.

These services were provided from different locations, including Norwich Community Hospital, Colman Hospital, Priscilla Bacon Lodge, local health centres and a wide range of community homes and settings across Norfolk.

The three at the top of the PCT were:

Stephen Taylor	Acting Chief Executive
Sue Gale	Chair
Cath Robinson	PEC Chair

By 30 September 2006 the PCT was forecasting a deficit of £2,521,000 for the year, had it stayed as a separate entity. The underlying position was forecast as a surplus of £1,807,000, once non-recurring debt repayments were adjusted. In accordance with Department of Health guidance the accounts for the six months to 30 September 2006 record a balanced position against resource and cash limits. The PCT's financial results for this six month period have been included in those of Norfolk PCT for the year ended 31 March 2007. These are disclosed in Norfolk PCT's 2006/07 Annual Report.

Norwich NHS
Primary Care Trust

Accounts

For the Period

to

30 September 2006

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DIRECTORS' STATEMENTS

STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE ORGANISATION.

The Secretary of State has directed that the Chief Executive should be the Accountable Officer to the organisation. 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 PCT;

- the expenditure and income of the PCT 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
Julie Garbutt
Chief Executive of Norfolk PCT

6 July 2007

Statement of directors' responsibilities in respect of the accounts

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

- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury;

- make judgements and estimates which are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Primary Care Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Primary Care Trust 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 accounts

By order of the Board

Signed
Julie Garbutt
Chief Executive

Dated: 6 July 2007

Signed
David Stonehouse
Director of Finance

Dated: 6 July 2007

STATEMENT ON INTERNAL CONTROL FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

1. Scope of responsibility

As Chief Executive of the Board of Norfolk PCT, the successor body of Norwich PCT, I have assumed the Accountable Officer responsibilities from the previous Chief Executive of Norwich PCT for making this Statement on Internal Control in respect of the six months ended 30 September 2006.

The Board of Norwich PCT (the PCT) was accountable for internal control up to the date of the PCT's disestablishment on 30 September 2006, with the Accountable Officer being personally responsible as set out in the Accountable Officer Memorandum, for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives and for safeguarding the public funds and the organisation's assets.

During the six months ended 30 September 2006, the PCT worked closely with other organisations through a variety of relationships, such as:

- Service Level Agreements with other NHS organisations to deliver health services to agreed specifications;
- Legal agreements with Norfolk Social Services;
- Performance management arrangements with the Norfolk, Suffolk and Cambridgeshire Strategic Health Authority;
- With patients through the Patients Forum;
- Accountability to the Secretary of State and to Parliament for the performance of functions and meeting statutory duties; and
- With local partners and wider communities, through working in partnership to promote the objectives of our local health delivery plans, the Board meeting in public, through publishing business plans and production of an annual report and accounts.

2. The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was 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;
- Manage our financial resources effectively; and
- Provide a structure for governance within the PCT.

The system of internal control was in place in Norwich PCT for the whole of the six months ended 30 September 2006 and up to the date of approval of the annual report and accounts.

3. Capacity to handle risk

The Accountable Officer responsibilities include ensuring that sufficient resources are invested in managing risk. The PCT's risk management process was led through executive and non executive directors with the Director of Clinical and Professional Development working with the Director of Finance and Performance to ensure that these functions were integrated.

Staff were trained and equipped to manage risk in a way appropriate to their authority and duties and this was done through a documented system of risk assessment, training and from frequent local meetings with them to identify and manage risk. Guidance was provided to staff by the governance team, who provides templates on how to undertake risk assessments and produce risk registers. Evidence of this was presented to the Healthcare Governance Committee in order to share experience across the PCT and revise processes as necessary.

4. The risk and control framework

The risk and control framework was described in the PCT's Assurance Framework (Governance Policy) and the key features were that the organisation's risks were systematically identified throughout the organisation and a risk register maintained to evaluate and act on these organisation-wide risks. The risk register was also developed into a plan of action to address the most significant risks. Progress against the plan was monitored and reported regularly to the Healthcare Governance Committee and Board.

Staff at all levels in the organisation contributed to the identification and assessment of risk. The risk management actions taken in the period by the PCT include:

- The resolution of many local risks in consultation with the staff that identify these risks. These issues were identified with staff through complaints and critical incidents and often only minor improvements have a significant improvement in working lives;
- Full implementation of the Freedom of Information Act;
- A committee structure that aligned clinical and corporate governance arrangements;
- Maintenance of accreditation against appropriate Improving Working Lives Standards;
- Increased awareness of risk management with all areas contributing to risk assessment;
- Compliance with the National Health Service Litigation Authority Risk Management Standard at level 1b; and
- The undertaking of extensive work with patients and carers using questionnaires and focus groups to identify areas for improvement resulting in better communication and achievement of targets.

The control environment was also supported by standing orders and standing financial instructions, directions on fraud, budgetary control systems, internal audit and information to support performance and risk monitoring processes.

Risk Analysis is primarily concerned with quantifying risk in terms of likelihood and impact. In analysing the impact of risk, the PCT considered a wide range of factors, including effect upon patient care, staff well being, financial implications, legal obligations, the potential for impact on service provision and the possibility of claims or complaints against the PCT.

The risk analysis process highlights key priorities and the PCT followed the national guidance in its approach to quantifying risk through a risk scoring system that allowed acceptable and unacceptable risk to be identified. This model assessed the likelihood of an event occurring combined with the possible consequences to provide a standard approach to the assessment of the risk. Calculating risk helps to prioritise action plans. It also demonstrates the reduction of risk through the risk assessment process.

An assurance framework had been established by the Board and the Healthcare Governance Committee. Its key elements included:

- Establishing principal objectives;
- Identifying the principal risks that may threaten the achievement of these objectives. The Board had reviewed its top risks and had reviewed the remainder on a rolling basis via the Healthcare Governance Committee;

- Identifying and evaluating the design of key controls intended to manage these principal risks;
- Setting out the arrangements for obtaining assurance on the effectiveness of key controls across all areas of principal risk;
- Evaluating the assurance across all areas of principal risk;
- Identifying positive assurances and areas where there were gaps in controls and / or assurances;
- Putting in place plans to take corrective action where gaps had been identified in relation to principal risks; and
- Maintaining dynamic risk management arrangements including, crucially, a well founded risk register.
- Developing the ways that it involves patients and the public in managing risks which impact on them. This was done through openness of risk assessments that were shared throughout the organisation and through public participation on committees such as the Healthcare Governance Committee.

5. Review of effectiveness

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

My review has also been informed by:
- the Information Governance Toolkit assessment;
- our research governance framework; and
- the comprehensive governance reports submitted to the Board.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Professional Executive Committee, Audit Committee and the Healthcare Governance Committee. A plan to address weaknesses and ensure continuous improvement of the system was in place for the six months ended 30 September 2006. Where appropriate, elements of this plan have been taken forward in the risk management arrangements of Norfolk PCT.

The system of maintaining and reviewing the effectiveness of the system of internal control was achieved through the following committee structure*:*

- The Board which has ultimate responsibility for reviewing the effectiveness of the system of internal control;
- The Professional Executive Committee which gave clinical leadership and direction to the PCT;
- The Audit Committee which met quarterly to review the adequacy of the risk management system and control measures within the PCT. It coordinated the internal and external audit programmes and received the reports of the internal and external auditors.
- The Performance Management Group which monitored performance on finance, targets and activity
- The Healthcare Governance Committee which took an overview of significant risks within the organisation; and
- The senior management team which met frequently to support the achievement of the business plan and provide strategic advice to the Board.

Internal Audit provided an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisations agreed objectives. The Head of Internal Audit Opinion covered the whole of the six month period and was one of significant assurance and noted that controls are generally being applied consistently.

6 Significant control issues

A significant control issue specific to Norwich PCT has been identified in relation to the six months ended 30 September 2006, namely its forecast deficit financial position.

The Department of Health has set the PCT's Revenue Resource Limit for the six months ended 30 September 2006 to match its expenditure and the accounts for this period therefore, do not report an overspend against the Revenue Resource Limit. The PCT had, however, forecast in September 2006 that it would have incurred an overspend of £2.5 million for the year ended 31 March 2007 had it continued to exist as a separate entity.

The PCT had established a Financial Recovery Plan, which has now been consolidated and further developed within the Financial Recovery Plan of the PCT's successor body, Norfolk PCT. Further information on Norfolk PCT's financial position as at 31 March 2007 and its plans for financial recovery are given in Norfolk PCT's Statement on Internal Control and its accounts for 2006/07.

This Statement on Internal Control for Norwich PCT should be read in conjunction with the 2006/07 Statement on Internal Control for Norfolk PCT, which includes a number of control issues that applied to the merged body as a whole.

To the best of my knowledge and belief, no significant internal control issues, other than those referred to above, have been identified in relation to the period ended 30 September 2006. As a result of my review, I am satisfied that this Statement on Internal Control provides a fair assessment of the PCT's control system.

Signed
Julie Garbutt
Chief Executive of Norfolk PCT

6 July 2007

Independent auditors' report to the Board of Norwich PCT

Opinion on the financial statements

We have audited the financial statements of Norwich PCT for the 6 month period ended 30 September 2006 under the Audit Commission Act 1998, as applicable to the audit of part year financial statements. These comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies relevant to the National Health Service set out therein. We have also audited the information in the Remuneration Report that is described as having been audited.

This report, including the opinion, has been prepared for and only for the Board of Norwich PCT) in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Respective responsibilities of Directors and Auditors

The directors' responsibilities for preparing the financial statements and the Remuneration Report 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 transactions is set out in the Statement of the Chief Executive's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether 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. We 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.

We review whether the directors' statement on internal control reflects compliance with the Department of Health's requirements "The Statement on Internal Control 2003/04" issued on 15 September 2003, "Statement on Internal Control 2005/06 – Disclosures", issued on 7 April 2006 and "Statements on Internal Control (SICs) 2006/2007 – reorganisation of SHA, PCTs and Ambulance Trusts" issued in June 2006. We 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 we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the directors' statement on internal control covers all risks and controls. We are also not required to form an opinion on the effectiveness of the PCT's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, as applicable to the audit of part year financial statements, which requires compliance with 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 PCT's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we 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 our 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 PCT's affairs as at 30 September 2006 and of its net operating costs for the period 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; 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.

Certificate

We certify that we 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, as applicable to the audit of part year financial statements.

PricewaterhouseCoopers LLP
Norwich
9 July 2007

FOREWORD TO THE ACCOUNTS

Norwich Primary Care Trust

These accounts for the period ended 30 September 2006 have been prepared by the Norwich Primary Care Trust under the National Health Service Act 2006 in the form which the Secretary of State has, with the approval of the Treasury, directed.

OPERATING COST STATEMENT FOR THE PERIOD ENDED 30 September 2006

	NOTE	**1/4/06 - 30/9/06 £000**	12 Months 2005/06 £000
Commissioning			
Gross Operating Costs	4	**95,413**	173,960
Less: Miscellaneous Income	3	**(15,005)**	(29,194)
Commissioning Net Operating Costs		**80,408**	144,766
Provider			
Gross Operating Costs	4	**34,971**	70,349
Less: miscellaneous income	3	**(25,002)**	(50,591)
Provider Net Operating Costs		**9,969**	19,758
Net Operating cost for the Financial Period		**90,377**	164,524

The notes on pages 16 to 47 form part of this account

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	**2,582**	(12,599)
Reduction in the donated asset reserve due to depreciation	**(9)**	(16)
Additions / (Reductions) in the General Fund due to the transfer of assets from/(to) NHS bodies and the Department of Health	**0**	(467)
Gains and losses recognised in the financial period	**2,573**	(13,082)

The notes on pages 16 to 47 form part of this account

BALANCE SHEET AS AT
30 September 2006

	NOTE	£000	30 September 2006 £000	31 March 2006 £000
FIXED ASSETS				
Intangible assets	9	**38**		46
Tangible assets	10.1	**39,792**		37,330
			39,830	37,376
CURRENT ASSETS				
Stocks and work in progress	11	**356**		325
Debtors	12	**13,851**		16,837
Cash at bank and in hand	16.3	**4,622**		1
TOTAL CURRENT ASSETS			**18,829**	17,163
CREDITORS : Amounts falling due within one year	13.1		**(9,739)**	(18,689)
NET CURRENT ASSETS / (LIABILITIES)			**9,090**	(1,526)
TOTAL ASSETS LESS CURRENT LIABILITIES			**48,920**	35,850
Creditors: Amounts falling due after more than one year	13.1		**0**	(514)
Provisions for liabilities and charges	14		**(4,559)**	(4,735)
TOTAL ASSETS EMPLOYED			**44,361**	30,601
FINANCED BY:				
TAXPAYERS EQUITY				
General Fund	15		**23,918**	12,731
Revaluation reserve	15		**19,831**	17,294
Donated asset reserve	15		**612**	576
TOTAL TAXPAYERS EQUITY			**44,361**	30,601

The notes on pages 16 to 47 form part of this account

The financial statements on pages 11 to 47 were approved by the Board on 29 June 2007 and signed on its behalf by

Chief Executive: Julie Garbutt Date: 6 July 2007

CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 September 2006

	NOTE	£000	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
OPERATING ACTIVITIES				
Net cash outflow from operating activities	16.1		**(94,652)**	(170,564)
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets		**(810)**		(1,953)
Receipts from sale of tangible fixed assets		**0**		193
Net cash inflow/(outflow) from capital expenditure			**(810)**	(1,760)
Net cash inflow/(outflow) before financing			**(95,462)**	(172,324)
FINANCING				
Net Parliamentary Funding		**100,083**		172,324
Net cash inflow/(outflow) from financing			**100,083**	172,324
Increase/(decrease) in cash	16.2		**4,621**	0

The notes on pages 16 to 47 form part of this account

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the 2006/07 PCT Reporting Manual (FreM) 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 for Health and approved by HM Treasury.

As a consequence of “Commissioning a Patient Led NHS” Norwich PCT was disestablished on 30 September 2006 when its activities were transferred to its successor body, Norfolk PCT, which was established on 1 October 2006. In accordance with central NHS merger accounting guidance, Norfolk PCT has prepared accounts for the year ended 31 March 2007. Norwich PCT’s assets and liabilities at 31 March 2006 have bee included in Norfolk PCT’s opening balance sheet as at 1 April 2006, and it’s transactions for the six months ended 30 September 2006 have been included in Norfolk PCT’s 2006/07 accounts. Other than employment termination costs, which have been accrued for in Norfolk PCT’s 2006/07 accounts, there have been no costs incurred, any impairments in asset values, or any additional provisions required as a result of Norwich PCT’s disestablishment on 30 September 2006

a) Income and Funding

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

Miscellaneous income is income which relates directly to the operating activities of the Primary Care Trust. 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 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

c) Taxation

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

d) 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 Primary Care Trust'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. 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. They are amortised over the shorter of the term of the licence and their useful economic lives.

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 have a 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 costs of a new building, ward or unit irrespective of their individual or collective cost; or
- form part of an IT network which collectively has a cost more than £5,000 and individually have a cost of more than £250; or
- are beds and mattresses maintained by the Norwich PCT Central Equipment Store and loaned to any Norfolk PCT patient for use in their own home, irrespective of the initial purchase value.

The finance costs of bringing fixed assets into use are not capitalised.

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. Tangible fixed assets are valued at current cost as follows:

Land and Buildings and dwellings

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 All in Tender Price Index published by the Building Cost Information Service (BCIS). The land index is based on the residential building and land values reported in the Property Market Report published by the Valuation Office and included in the Manual for Accounts. Valuations are carried out by the District Valuers of the Inland Revenue Government Department at five-yearly intervals. A five yearly revaluation was carried out as at 1 April 2005.

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. 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.

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

All adjustments arising from indexation and each 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. Falls in value when newly constructed assets are brought into use are also charged to the Revaluation Reserve. These falls in value result from the adoption of ideal conditions as the basis for Depreciated Replacement Cost valuations.

Equipment

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 which is considered to have nil inflation.

Beds and mattresses held for use in the community are valued at net recoverable amount.

Assets in the course of construction

Assets in the course of construction are valued at current cost using the index as for land and buildings (see above). These assets include any existing land or buildings under the control of a contractor.

iii) Depreciation, amortisation and impairments

Depreciation is charged on a straight-line basis on each main class of fixed asset as follows:

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.

Vehicles are depreciated over 7 years.

Beds and mattresses are depreciated on cost evenly over the estimated life of the asset which varies between 3 and 8 years.

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

Impairment losses resulting from short-term changes in price that are considered to be recoverable in the longer term are taken in full to the revaluation reserve. These include impairments resulting from the revaluation of fixed assets from their cost to their value in existing use when they become operational. This may lead to a negative revaluation reserve in certain instances.

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 capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred. They are amortised over the shorter of the term of the licence and their useful economic lives.

iv) Donated Assets

Donated tangible fixed assets are capitalised at their valuation on receipt and this value is credited to the donated asset reserve. Subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement. Donated assets are revalued and depreciated as described above for purchased assets.

v) 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.

e) Pooled Budgets

The Primary Care Trust has entered into two pooled budgets with Norfolk County Council. Under the arrangements funds are pooled under S31 of the Health Act 1999 for Learning Difficulty activities and medicines support services and a memorandum note to the accounts provides details of the joint income and expenditure.

The pools are hosted by Norfolk County Council Social Services. As a commissioner of healthcare services, the Primary Care Trust makes contributions to the pool which are then

used to purchase healthcare services. The Primary Care Trust accounts for its share of the assets, liabilities, income and expenditure of the pool as determined by the pooled budget agreement.

As a provider of healthcare services for patients with Learning Difficulties, payments from the pool for services provided by the Primary Care Trust are accounted for as income from Norfolk County Council.

f) 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 the finance lease payment is charged to the Operating Cost Statement 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.

g) Stocks and work-in-progress

Stocks comprise raw materials and consumables to be used in patient care and equipment held in store for issue to patients in the community. Stock is 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.

There is no work-in-progress.

h) Research and Development

Expenditure on research is not capitalised. Expenditure on development is capitalised if it meets the following criteria;

- there is a clearly defined project
- the related expenditure is separately identifiable
- the outcome of the project has been assessed with reasonable certainty as to;

    - its technical feasibility
    - its resulting in a product or service which will eventually be brought into use

- adequate resources exist, or are reasonably expected to be available, to enable the project to be completed and to provide any consequential increase in working capital.

Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation charge is calculated on the same basis as for depreciation i.e. on a quarterly basis. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

Primary Care trusts are unable to disclose the total amount of research and development expenditure charged to the Operating Cost Statement because some research and development activity cannot be separated from patient care activity.

Fixed assets acquired for use in research and development are amortised over the life of the associated project.

i) 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.

j) 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 NHSLA is administratively responsible for all clinical negligence cases the legal liability remains with the PCT. The total value of clinical negligence provisions carried by the NHSLA on behalf of the Primary Care Trust is disclosed at Note 14.

Since financial responsibility for clinical negligence cases transferred to the NHS Litigation Authority at 1 April 2002, the only charge to operating expenditure in relation to clinical negligence in 2005/06 relates to the Primary Care Trust's contribution to the Clinical Negligence Scheme for Trusts.

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.

k) 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). However, Note 23 is compiled directly from the losses and compensations register which is prepared on a cash basis.

l) Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of Secretary of State, in England and Wales. As a consequence it is not possible for the Primary Care Trust to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

The Scheme is subject to a full valuation for FRS17 purposes every four years. The last valuation took place as at 31 March 2003. The scheme is also subject to a full valuation by

the Government Actuary to assess the scheme's assets and liabilities to allow a review of the employers' contribution rates. This valuation took place at 31 March 2004 and has yet to be finalised. The last published valuation on which contributions are based covered the period 1 April 1994 to 31 March 1999.
Between valuations, the Government Actuary provides an update of the Scheme liabilities on an annual basis. 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. These accounts can be viewed on the NHS Pensions Agency website at www.nhspa.gov.uk. Copies can also be obtained from The Stationery Office.

The conclusion of the 1999 valuation was that the scheme continues to operate on a sound financial basis and the notional surplus of the scheme is £1.1 billion. It was recommended that the employer's contributions remain at 7% of pensionable pay until 31 March 2003 and then be increased to 14% of pensionable pay with effect from 1 April 2003. On advice from the actuary the contribution may be varied from time to time to reflect changes in the scheme's liabilities. Employees pay contributions of 6% (manual staff 5%) of their pensionable pay.

Until 2002/03 HM Treasury paid the Retail Price Indexation costs of the NHS Pension scheme direct but as part of the Spending Review Settlement, these costs have been devolved in full. For 2003/04 the additional funding was retained as a Central Budget by the Department of Health and paid direct to the NHS Pensions Agency and the employers' contribution remained at 7%. From 2004/05 this funding has been devolved in full to NHS Pension Scheme employers and the employers' contribution rate will rise to 14%.

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. 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 members pension is normally payable to the surviving spouse.

Early payments of a pension, with enhancements, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. Additional pension liabilities arising from early retirements are not funded by the Scheme except where the retirement is due to ill health. For early retirements not funded by the Scheme, the full amount of the liability for the additional costs is charged to the Operating Cost Statement account at the time the Primary Care Trust commits itself to the retirement, regardless of the method of payment.

A death gratuity of twice the final year's pensionable pay for death in service, and up to 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 years pensionable pay less their retirement lump sum for those who die after retirement is payable.

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.

m) Foreign currency

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions. Resulting exchange gains and losses are taken to the Operating Cost Statement.

n) 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 22 to the accounts and Note 16.3 for Patient's monies.

o) Cost of Capital Charge

The treatment of fixed assets in the account is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to the cost of capital charge in the financial period to 30 September 2006 was 3.5% (2005/2006: 3.5%) on all assets less liabilities, except for cash balances with the Office of the Paymaster General (OPG) and for Donated Assets where the charge is Nil.

p) Financial Instruments

The PCT may hold any of the following financial assets and liabilities:

Assets

- investments
- long term debtors and accrued income
- short-term debtors and accrued income (not disclosed in note 21 under exemptions permitted by FRS 13)

Liabilities

- loans and overdrafts
- long-term creditors
- short-term creditors (not disclosed in note 21 under exemptions permitted by FRS 13)
- provisions arising from contractual arrangements
- finance lease obligations

PCTs have no powers to invest or borrow and can only draw cash from the Office of the Paymaster General when it is required. Cash, bank and overdraft balances are recorded at current values. Account balances are set-off only where there is a formal agreement with the bank to do so. 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.

All other financial instruments are held for the sole purpose of managing the cash flow of the PCT on a day to day basis or arise from the operating activities of the PCT. The management of risks around these financial instruments therefore relates primarily to the PCTs overall arrangements for managing risks to their financial position.

Note 2. Financial Performance Targets

Note 2.1 Operational Financial Balance

The PCTs' performance to 30 September 2006 is as follows:	**1/4/06 - 30/9/06 £000**	12 Months 2005/06 £000
Total net operating cost for the financial year	**90,377**	164,524
Less: Non-discretionary Expenditure	**953**	1,865
Operating Costs less non-discretionary expenditure	**89,424**	162,659
Revenue Resource Limit	**89,424**	161,302
Under/(over) spend against Revenue Resource Limit	**0**	(1,357)
Financial support included in under / (over) spend against Revenue Resource Limit - Internally Generated	**0**	1,000

In accordance with Department of Health guidance, the Revenue Resource Limit for the six months ended 30 September 2006 has been set to equal the net operating costs for the period.

Under NHS merger accounting requirements, the PCT's net operating costs for this period have, together with those of West Norfolk PCT, Southern Norfolk PCT, North Norfolk PCT and Broadland PCT been included in the accounts of the successor body, Norfolk PCT, for the year ended 31 March 2007.

Norfolk PCT's net operating costs for the year ended 31 March 2007 exceed its 2006/07 Revenue Resource Limit by £47 million.

Note 2.2. Capital Resource Limit

The PCT is required to keep within its Capital Resource Limit

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Gross Capital Expenditure	**744**	1,795
less: Net book value of assets disposed of	**0**	(186)
less: Donations	**0**	(418)
Charge Against the Capital Resource Limit	**744**	1,191
Capital Resource Limit	**744**	3,191
(Over) / Underspend against Capital Resource Limit	**0**	2,000

In accordance with the guidance on completion of these accounts, the PCT has matched its Capital Resource Limit as at 30 September 2006 to its net capital expenditure.

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 the period to 30 September 2006 is as follows:

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Provider gross operating cost	**34,971**	70,349
less: Miscellaneous income relating to provider functions	**(25,002)**	(50,591)
Net Operating Cost	**9,969**	19,758
less: Costs met from PCT's own allocation	**(9,533)**	(19,888)
Under / (over) recovery of costs	**436**	(130)

Note 3. Miscellaneous Income

			1/4/06 - 30/9/06	12 Months 2005/06
	£000	**£000**	**£000**	£000
	Appropriated In Aid*	**Not Appropriated In Aid**		
Dental Charge Income**	922		**922**	147
Strategic Health Authorities		575	**575**	1,572
NHS Trusts		1,784	**1,784**	3,054
Foundation Trusts		0	**0**	1
Primary Care Trusts for Drug Action Teams		1,472	**1,472**	2,668
Primary Care Trusts - other		13,436	**13,436**	28,416
Primary Care Trusts - Lead Commissioning Income		10,849	**10,849**	21,702
Other English Special Health Authorities/CGA Bodies		24	**24**	48
Department of Health - other		162	**162**	214
Local Authorities	9,980		**9,980**	19,677
Education, Training and Research	49	0	**49**	97
Charitable and other contributions to expenditure	256		**256**	520
Transfer from the donated asset reserve		9	**9**	16
Other income	489	0	**489**	1,653
TOTAL MISCELLANEOUS INCOME	11,696	28,311	**40,007**	79,785

*Appropriated in aid income is income from outside the NHS boundary and is therefore in addition to funding from the Department of Health. Therefore, any funding from the Department of Health or income from other NHS bodies is not appropriated in aid.

** From 1 April 2006, PCTs became responsible for commissioning general dental services. As a consequence of this, the PCT now receives patient charge income collected by dentists. In 2005/06 the equivalent income was for PDS schemes only.

Income Primary Care Trusts - Other includes £3,867,900 (£7,379,500 in 2005/06) in respect of recharges to other PCTs and for their shares of Eastern Support Services which is a shared services agency operated by Norwich PCT on behalf of all Norfolk PCTs.

Note 4. Operating Costs

Note 4.1 Analysis of gross operating costs:

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Goods and services from other Primary Care Trusts		
Healthcare	**7,772**	14,000
Non Healthcare	**354**	801
Total	**8,126**	14,801
Goods and services from other NHS bodies excluding Foundation Trusts		
Healthcare	**43,571**	90,591
Non Healthcare	**450**	1,118
Total	**44,021**	91,709
Goods and Services from Foundation Trusts	**736**	69
Purchase of healthcare from non-NHS providers	**15,357**	21,144
Expenditure on Drugs Action Teams	**2,100**	3,257
Non-GMS services from GPs	**21**	35
PDS	**500**	976
PCT Board members' costs	**252**	478
PCT Executive Committee non-officer members' costs	**58**	108
Staff costs	**25,538**	50,767
Prescribing costs	**9,603**	18,304
GMS/PMS/APMS/PCTMS	**9,330**	18,565
Local Pharmaceutical Service Pilots	**3**	3
General Dental Services*	**4,284**	36
General Opthalmic Services	**953**	1,829
Supplies and services - clinical	**1,478**	4,043
Supplies and services - general	**431**	947
Establishment	**1,281**	3,051
Transport	**16**	39
Premises	**2,563**	4,906
Depreciation and amortisation	**872**	1,333
Fixed asset impairments and reversals	**0**	(7)
(Profit)/loss on disposal of fixed assets	**0**	(7)
Cost of capital charge	**1,481**	1,500
Audit fees	**54**	139
Other auditor's remuneration	**0**	0
Clinical negligence costs	**0**	0
Other finance costs - unwinding of discount	**44**	95
Change in the discount rate on provisions	**n/a**	416
NHS Trust Impairments	**0**	3,415
Other	**1,282**	2,351
Total	**130,384**	244,302

PCT Board members' costs above include £nil for early retirements prior to 6/3/95 (2005-06 £nil).
Staff costs above include £nil for early retirements prior to 6/3/95 (2005-06 £nil).

Operating costs include £8,270,000 (2005-06 £16,235,200) expenditure incurred by Eastern Support Services which is a shared services agency operated by Norwich PCT. This expenditure was incurred on behalf of six Norfolk PCTs and the Norfolk and Waveney Mental Healthcare Partnership NHS Trust.

Lead commissioning arrangements between PCTs are accounted for as follows. Where Norwich PCT is the lead commissioner the expenditure in the above table includes expenditure with the providers made on behalf of other PCTs and the income received from other PCTs is shown as miscellaneous income. Similarly, where another PCT is a lead commissioner and makes payments on our behalf, our payments to them are shown as purchase of goods or services from other PCTs. Where no lead commissioning arrangement exist and the PCT directly commissions a service for its population only, this expenditure is included above.

* From 1 April 2006, PCTs became responsible for commissioning general dental services. Previously this expenditure was not charged to PCTs so there is no equivalent comparator for 2005/06.

Note 4.2 Analysis of operating expenditure by expenditure classification

Note 4.2 Purchase of Health Care by PCT

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	**8,830**	18,565
Prescribing costs	**9,603**	18,813
General Dental Services*	**4,284**	36
General Opthalmic Services	**953**	1,829
Personal Dental Services (PDS)	**500**	976
Local Pharmaceutical Services	**3**	3
Non-GMS Services from GPs	**21**	35
Other	**515**	94
Total Primary Healthcare purchased	**24,709**	40,351
Purchase of Secondary Healthcare		
Learning Difficulties**	**5,168**	842
Mental Illness	**13,381**	25,807
Maternity	**1,807**	3,728
General and Acute	**29,296**	61,075
Accident And Emergency	**731**	1,508
Community Health Services	**8,873**	18,036
Other Contractual	**1,835**	3,673
Total Secondary Healthcare Purchased	**61,091**	114,669
Impairments in Trusts	**0**	3,415
Grants (revenue) to fund Capital Projects -outside bodies	**0**	172
TOTAL HEALTHCARE PURCHASED BY PCT	**85,800**	158,607
Amount of self-commissioned secondary healthcare included above* **	**9,533**	19,888
Healthcare purchased from Foundation Trusts included above	**525**	69

* From 1 April 2006, PCTs became responsible for commissioning general dental services. Previously this expenditure was not charged to PCTs so there is no equivalent comparator for 2005/06.

**The 2005/06 figure for Learning Difficulties was abnormally low due to the transfer of liability for the LD Pooled fund overspend to the other Norfolk PCTs in 2005/06 and the reversal of the creditor held in Norwich PCT in 2004/05 for the whole of the overspend. The net effect on the 2005/06 figure was a reduction of £5,700,000.

*** Self Commissioned secondary healthcare refers to funds that the PCT has allocated to fund secondary healthcare that it has itself provided.

Note 4.3 Operating Leases

4.3/1 Operating expenses include:

	1/4/06 - 30/9/06	12 Months 2005/06
	£000	£000
Other operating lease rentals	**346**	702
Total	**346**	702

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

	1/4/06 - 30/9/06	**1/4/06 - 30/9/06**	12 Months 2005/06	12 Months 2005/06
	Land and buildings	**Other leases**	Land and buildings	Other leases
	£000	**£000**	£000	£000
Operating leases which expire:				
Within 1 year	**0**	**170**	0	202
Between 1 and 5 years	**0**	**250**	0	279
After 5 years	**226**	**0**	216	0
Total	**226**	**420**	216	481

Note 5. Staff numbers and related costs

Note 5.1 Staff costs

	1/4/06 - 30/9/06			12 Months 2005/06		
	Total £000	**Permanently Employed £000**	**Other £000**	Total £000	Permanently Employed £000	Other £000
Salaries and wages	**21,561**	**19,666**	**1,895**	43,031	39,149	3,882
Social security costs	**1,528**	**1,445**	**83**	3,029	2,901	128
Employer contributions to NHSPA	**2,552**	**2,493**	**59**	5,030	4,940	90
Other pension costs	**381**	**381**	**0**	263	263	0
Total	**26,022**	**23,985**	**2,037**	51,353	47,253	4,100

Note 5.2 Staff Numbers

	1/4/06 - 30/9/06			12 Months 2005/06		
	Total Number	**Permanently Employed Number**	**Other Number**	Total Number	Permanently Employed Number	Other Number
Medical and dental	**48**	**47**	**1**	41	41	0
Administration and estates	**461**	**436**	**25**	477	454	23
Healthcare assistants & other support staff	**70**	**68**	**2**	69	69	0
Nursing, midwifery & health visiting staff	**834**	**785**	**49**	859	811	48
Scientific, therapeutic and technical staff	**258**	**255**	**3**	261	257	4
Other	**13**	**2**	**11**	16	2	14
Total	**1684**	**1593**	**91**	1723	1634	89

Information relating to the number of agency staff employed by the PCT is not included in the above as such details are not available.

Note 5.3 Employee benefits

There are no staff benefits.

Note 5.4 Retirements due to ill-health

During the period 1/4/06 - 30/9/06 there were no early retirements from the Primary Care Trust agreed on the grounds of ill-health (Full year 2005/06 3). The estimated additional pension liabilities of these ill-health retirements (calculated on an average basis and borne by the NHS Pension Scheme) will be £nil (Full year 2005/06 £68,135).

Note 5.5 Management costs

	1/4/06 - 30/9/06	12 Months 2005/06
Management costs (£000s)	**2,427**	5,067
Weighted population (Number)	**134,168**	134,168
Management cost per head of weighted population (£)	**18.09**	37.77

Note: weighted population figures from 06/07 exposition book. 2006 figures are for half year not full year.

Norwich PCT provides specialist services to central Norfolk and learning difficulty services to Norfolk, although the weighted population figure used in the calculation relates only to Norwich.

The PCT measures its management costs according to the definitions provided by the Department of Health on http:/www.dh.gov.uk/PolicyAndGuidance/OrganisationPolicy/FinanceAndPlanning/NHSManagementCosts/fs/en. "Definition of management costs in primary care trusts 2002-03".

Note 6. Better Payment Practice Code

Note 6.1 Better Payment Practice Code - measure of compliance

Non-NHS Creditors	**1/4/06 - 30/9/06 Number**	**1/4/06 - 30/9/06 £000**	12 Months 2005/06 Number	12 Months 2005/06 £000
Total bills paid in the year	**12,066**	**14,114**	23,610	26,275
Total bills paid within target	**9,854**	**12,463**	20,293	23,840
Percentage of bills paid within target	**81.67%**	**88.30%**	85.95%	90.73%
NHS Creditors				
Total bills paid in the year	**706**	**60,576**	1,183	110,364
Total bills paid within target	**446**	**53,704**	733	105,307
Percentage of bills paid within target	**63.17%**	**88.66%**	61.96%	95.42%

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

No interest was paid in 2006/07 in respect of the late payment of debts (£nil in 2005/06).

Note 7. Profit/(Loss) on Disposal of Fixed Assets

Profit/(loss) on the disposal of fixed assets is made up as follows:

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Profit on disposal of land and buildings	**0**	7
Total	**0**	7

Note 8. Interest Payable

No interest was payable in April to September 2006/07 (£nil in 2005/06).

Note 9. Intangible Fixed Assets

	Software licences £000	Total £000
Gross cost at 1 April 2006	202	202
Gross cost at 30 September 2006	202	202
Accumulated amortisation at 1 April 2006	156	156
Provided during the year	8	8
Accumulated amortisation at 30 September 2006	164	164
- Purchased at 1 April 2006	46	46
Total at 1 April 2006	46	46
- Purchased at 30 September 2006	38	38
Total at 30 September 2006	38	38

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

	Land	Buildings excluding 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
Cost or valuation at 1 April 2006	10,848	23,761	43	642	46	4,831	1,199	**41,370**
Additions - purchased	0	0	744	0	0	0	0	**744**
Indexation	620	1,918	4	10	1		32	**2,585**
At 30 September 2006	**11,468**	**25,679**	**791**	**652**	**47**	**4,831**	**1,231**	**44,699**
Accumulated depreciation at 1 April 2006				362	13	3,603	62	**4,040**
Provided during the year		502		42	3	156	161	**864**
Indexation				2	0		1	**3**
Accumulated depreciation at 30 September 2006	**0**	**502**	**0**	**406**	**16**	**3,759**	**224**	**4,907**
Net book value								
- Purchased at 1 April 2006	10,796	23,237	43	280	33	1,228	1,137	**36,754**
- Donated at 1 April 2006	52	524	0	0	0	0	0	**576**
Total at April 2006	**10,848**	**23,761**	**43**	**280**	**33**	**1,228**	**1,137**	**37,330**
Net book value								
- Purchased at 30 September 2006	11,412	24,621	791	246	31	1,072	1,007	**39,180**
- Donated at 30 September 2006	56	556	0	0	0	0	0	**612**
Total at 30 September 2006	**11,468**	**25,177**	**791**	**246**	**31**	**1,072**	**1,007**	**39,792**

Note 10.1 Tangible Fixed Assets (continued)

There were no revaluations in the period April to September 2006. One property was valued at open market value £187,500 in 2005/06.

Note 10.2 Net book value of assets held under finance leases and hire purchase contracts at the balance sheet date

There were no assets held under finance leases and hire purchase contracts at the balance sheet date (£nil in 2005/06).

Note 10.3 The net book value of land and buildings at 30 September 2006 comprises:

	30 September 2006	**Purchased**	**Donated**	31 March 2006
	£000	**£000**	**£000**	£000
Freehold	**36,134**	**35,523**	**611**	34,126
Long leasehold	**0**	**0**	**0**	0
Short leasehold	**511**	**511**	**0**	483
TOTAL	**36,645**	**36,034**	**611**	34,609

All leaseholds held by Norwich PCT at 31 March 2006 are less than 50 years in length.

Note 10.4 Fixed assets investments

Nil.

Note 11. Stock and work in progress

	30 September 2006	31 March 2006
	£000	£000
Raw materials and consumables	**356**	325
Total	**356**	325

Note 12. Debtors

	30 September 2006	31 March 2006
	£000	£000
Amounts falling due within one year:		
NHS debtors	**10,415**	14,432
Provision for irrecoverable debts	**(6)**	(6)
Other prepayments and accrued income	**1,566**	498
Other debtors	**1,876**	1,913
TOTAL	**13,851**	16,837

Note 13. Creditors

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

	30 September 2006	31 March 2006
	£000	£000
NHS creditors	**1,186**	6,507
Family Health Services (FHS) creditors	**2,801**	2,345
Non - NHS trade creditors - revenue	**24**	3,840
Non - NHS trade creditors - capital	**46**	112
Tax and social security costs	**1,009**	1,026
Other creditors	**2,998**	1,585
Accruals and deferred income	**1,675**	3,274
	9,739	18,689
Amounts falling due after more than one year:		
Other	**0**	514
	0	**514**
Total	**9,739**	**19,203**

Maturity Profile of Creditors

	30 September 2006	31 March 2006
	£000	£000
Due within one year or less	**9,739**	18,689
Due in more than one year but not more than two years		514
Total	**9,739**	19,203

Note 13.2 Finance lease obligations

There are no finance leases to which the PCT is committed.

Note 14. Provisions for liabilities and charges

	Pensions relating to other staff	Legal claims	Other	**Total**
	£000	£000	£000	**£000**
At 1 April 2006	3,705	156	874	**4,735**
Arising during the year	44	6	0	**50**
Utilised during the year	(170)	(26)	(50)	**(246)**
Reversed unused	(24)	0	0	**(24)**
Unwinding of discount	39	0	5	**44**
At 30 September 2006	**3,594**	**136**	**829**	**4,559**
Expected timing of cash flows:				
Within 1 year	349	136	230	**715**
1 - 5 years	1,395	0	122	**1,517**
Over 5 years	1,850	0	477	**2,327**

Pensions relating to other staff is a provision for early retirements made before 6 March 1995 and the majority of these are expected to continue for a period beyond 5 years.

Legal claims include employers liability and public liability claims, in excess of the insurance cover which the PCT has with the NHS Litigation Authority and many of these claims will be finalised this year. Legal provisions also include sums due to patients who have paid for their own long term care, where their cases have been reviewed. These relate to potential costs of restitution following the Coughlan judgement on responsibility for funding of continuing care. It is anticipated that these cases will be resolved in 2006/07. There are further amounts relating to restitution included in Note 19 Contingent Liabilities £2,317,950 (2005/06 £2,317,950).

Other provisions include estimates calculated by the NHS Pensions Agency in respect of injury benefit claims payable to former staff of the PCT and local NHS trusts and these are expected to continue beyond the five years.

Other provisions also comprise provision for additional staff costs arising from the national agenda for change programme. Under Agenda for Change, staff other than medical and dental staff have moved to new terms and conditions. This process requires all relevant staff to be assimilated to new job and pay points, effective from 1 October 2004 and staff are entitled to have any increase in pay or additional leave entitlement back dated to that date. The PCT has made a provision for its best estimate of the amount of arrears for bank staff and other unassimilated staff due for the period 1 October 2004 to 31 March 2006. However, uncertainty over the actual

The balance on provisions at 1 April 2006 and 30 September 2006, together with movements on these provisions after 1 October 2006, are included in the accounts for Norfolk PCT for the year ended 31 March 2007.

Note 15. Movements on Reserves

Movements on reserves in the period comprised the following:

	Revaluation reserve		Donated asset reserve		General Fund	
	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000	**1/4/06 - 30/9/06 £000**	12 Months 2005/06 £000	**1/4/06 - 30/9/06 £000**	12 Months 2005/06 £000
At 1 April 2006	**17,294**	30,347	**576**	355	**12,731**	3,681
Net Parliamentary Funding	**0**	0	**0**	0	**100,083**	172,324
Cost of Capital Charge	**0**	0	**0**	0	**1,481**	1,500
Transfer from the OCS	**0**	0	**0**	0	**(90,377)**	(164,524)
Surplus/(deficit) on other revaluations/indexation of fixed assets	**2,537**	(12,418)	**45**	(181)	**0**	0
Depreciation and disposal of donated/Government granted assets	**0**	0	**(9)**	(16)	**0**	0
Transfers to other NHS Bodies	**0**	0	**0**	0	**0**	(467)
Other movements on reserves						
- Disposal of fixed Assets (transfer of realised profits / losses)	**0**	(142)	**0**	0	**0**	142
- Transfers to other NHS bodies	**0**	(100)	**0**	0	**0**	100
- Depreciation charge in excess of that of historic cost	**0**	25	**0**	0	**0**	(25)
- Reclassification of asset	**0**	(418)	**0**	418	**0**	0
At 30 September 2006	**19,831**	17,294	**612**	576	**23,918**	12,731

Note 16. Notes to the cash flow statement

Note 16. 1 Reconciliation of operating costs to net cash flow from operating activities:

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Net operating Cost	**(90,377)**	(164,524)
Depreciation charge	**872**	1,333
Cost of capital charge	**1,481**	1,500
(Profit)/loss on disposal of fixed assets	**0**	(7)
Transfer from donated asset reserve	**(9)**	(16)
(Increase)/decrease in stocks	**(31)**	1,256
(Increase)/decrease in debtors	**2,986**	(8,555)
Increase/(decrease) in creditors	**(9,398)**	(1,731)
Increase/(decrease) in provisions	**(176)**	180
Net cash inflow/(outflow) from operating activities	**(94,652)**	(170,564)

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

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Increase/(decrease) in cash in the period	**4,621**	0
Change in net debt resulting from cash flows	**4,621**	0
Net debt at 1 April 2006	**1**	1
Net debt at 30 September 2006	**4,622**	1

Note 16.3 Analysis of changes in net debt

	At 30 September 2006 £000	Cash flows in year £000	At 1 April 2006 £000
OPG cash at bank	**4,598**	4,597	1
Cash at bank and in hand	**24**	24	0
Total	**4,622**	4,621	1

Excluded above: £346,914 held in PCT accounts relating to Patients' money (£308,606 at 31 March 2006)
Patients' monies are excluded from creditors.

Note 17. Capital Commitments

Commitments under capital expenditure contracts at the balance sheet date were £nil (2005/06 £nil)

Note 18. Post Balance Sheet Events

Organisation change

To help achieve the Department of Health's objectives outline in "The NHS Improvement Plan - Putting People at the Heart of Public Services", and following public consultation, a reconfiguration of the number and boundaries of Primary Care Trusts and Strategic Health Authorities has taken place in 2006/07.

Norwich PCT merged with Southern Norfolk PCT, North Norfolk PCT, Broadland PCT and West Norfolk PCT on 1st October 2006.

There has been no significant expenditure relating to the reconfiguration as at 30 September 2006, and as such this does not affect the financial position of Norwich PCT at 30 September 2006.

Note 19. Contingencies

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

	1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Gross value	**(2,439)**	(2,439)
Net Contingent Liability	**(2,439)**	(2,439)

The continuing care element (£2,317,950; 2005/06 £2,317,950) relates to the potential costs of restitution following the Coughlan judgement on responsibility for funding of continuing care. All restitution claims received are subjected to a clinical assessment, and reviewed by a Continuing Care panel. The panel considers each assessment and decides whether the patient should have received NHS funded continuing care according to the Coughlan judgment. The panels are chaired by a medical professional and membership includes other clinical staff and a non-executive director.

Cases where a panel has decided that the claimant was eligible for continuing care are reflected accordingly in either Note 13.1 as accruals or, Note 14 as provisions, depending on the progress with settlement of the claim. Cases where a panel has decided that the claimant was not eligible for continuing care are included in the above contingent liability as it is considered that there is a responsibility of appeal against the panel's decision. Cases that are yet to be discussed at a panel, but which have been subject to a clinical assessment, represent a possible future financial obligation for the PCT and so are also included as contingent liabilities.

Those cases received but not yet subject to clinical assessment have been excluded from the contingent liability total as it is uncertain whether the PCT will have a possible liability.

The resolution of these cases will vary according to the number and timing of cases that are taken to appeal. Furthermore, it is anticipated that financial support will be available to the PCT to cover any liabilities arising in 2006/07.

There has been no material movement in the contingent liability for continuing care restitution costs for the period 1/4/06 - 30/9/06. The values of contingent liabilities at 1 April 2006 and 30 September 2006, together with movements in these contingent liabilities after 1 October 2006, are included in the accounts of Norfolk PCT for the

Contingent liabilities also include £25,379 (2005/06 £25,379) in respect of employer liability claims calculated by the NHSLA.

Note 20. Related Party Transactions

Norwich 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 Norwich Primary Care Trust.

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

North Norfolk PCT
Southern Norfolk PCT
Broadland PCT
West Norfolk PCT
Great Yarmouth PCT
Waveney PCT
Cambridge City PCT
Suffolk West PCT
Various other health bodies.

Norfolk, Suffolk & Cambridgeshire Strategic Health Authority
Norfolk & Norwich University Hospital NHS Trust
Norfolk & Waveney Mental Health Partnership NHS Trust
Cambridgeshire & Peterborough Mental |Health Partnership NHS Trust
East Anglian Ambulance NHS Trust
East of England Strategic Health Authority
East of England Ambulance Service
James Paget University 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 Norfolk County Council in respect of the Pooled Fund for Learning Difficulties Services.

The PCT has also received revenue and capital payments from a number of charitable funds for which the PCT is a trustee. Certain Corporate Trustee members are also members of the Primary Care Trust Board. The Trust provides the Charitable Funds with administrative support for which it levies a charge of £25,950 for the period to 30 September 2006 (2005/06 full year £51,900).

The only difference from related party transactions disclosed in 2005/06 concerns the bodies listed above with which the PCT has had material transactions. In 2006/07 the reconfiguration of NHS bodies has led to the inclusion of the East of England Strategic Health Authority and the East of England Ambulance Service.

Note 21. Financial Instruments

FRS 13, Derivatives and Other Financial Instruments, 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 13 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 13, 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

The Primary Care Trust's net operating costs are financed primarily from resources voted annually by Parliament.
The Primary Care Trust largely finances its capital expenditure from funds made available from
Government under an agreed resource limit. Norwich PCT 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. Norwich 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 21.1 Financial Assets

Currency	Total	Non-interest bearing
	£000	£000
At 30 September 2006		
Sterling	**4622**	**4,622**
Gross financial assets	**4,622**	**4,622**
At 31 March 2006		
Sterling	1	1
Gross financial assets	1	1

Note 21.2 Financial Liabilities

Currency	Total	Fixed rate	Non-interest bearing	Fixed rate Weighted ave interest rate	Fixed rate Weighted ave period for which fixed	Non-interest bearing Weighted average term until maturity
	£000	£000	£000	%	Years	Years
At 30 September 2006						
Sterling	**4559**	**4,559**	**0**	**2.2**	**26**	**0**
Gross financial assets	**4,559**	**4,559**	**0**			
At 31 March 2006						
Sterling	5249	4,735	514	2.2	27	1
Gross financial assets	5,249	4,735	514			

Maturity Profile of Financial Liabilities

	1/4/06 - 30/9/06	2005/06
	£000	£000
Due within one year	**715**	768
Due between 1 and 5 years	**1,517**	2,004
Due over 5 years	**2,327**	2,477
Total	**4,559**	5,249

Foreign Currency Risk

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

Note 21.3 Fair Values

Set out below is a comparison, by category, of book values and fair values of the PCT's financial assets and liabilities as at 30 September 2006

	1/4/06 - 30/9/06		12 Months 2005/06		
	Book Value	**Fair Value**	Book Value	Fair Value	**Basis of fair valuation**
	£000	**£000**	£000	£000	
Financial assets					
Cash	**4,622**	**4,622**	1	1	
Total	**4,622**	**4,622**	1	1	
Financial liabilities					
Creditors over 1 year	**0**	**0**	514	514	
Early Retirement Provisions	**3,246**	**3,246**	3,362	3,362	***Note a***
Provisions under contract	**599**	**599**	605	605	***Note b***
Total	**3,845**	**3,845**	4,481	4,481	

a Fair value is not significantly different from book value since interest at 9% is paid on early retirement creditors.

b Fair value is not significantly different from book value since, in the calculation of book value, the expected cash flows have been discounted by the Treasury discount rate of 2.2% in real terms.

Note 22. Third party assets

The PCT held £346,914 cash at bank and in hand at 30.9.2006 which relates to monies held by Norwich PCT on behalf of patients (£308,606 at 31/3/05). This has been excluded from cash at bank and in hand figure reported in the accounts.

Note 23. Losses and Special Payments

Losses and special payments are transactions that parliament would not have contemplated when it agreed funds for the health sevice 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, and special notation in the accounts to draw them to the attention of Parliament. They are divided into different categories, which govern the way each individual case is handled.

These payments are charged to the income and expenditure account in accordance with UK GAAP, but are recorded in the losses and special payments register when the paymnent is made. Therefore this note is compiled on a cash basis.

Clinical negligence cases are managed by the National Health Service Litigation Authority and transactions relating to such cases are held in their accounts. The PCT pays a premium for their services and excesses on some cases. Therefore, these cases have not been accounted for in the PCTs accounts.

	1/4/06 - 30/9/06		2005/06	
	Cases	£	Cases	£
1. Losses of cash due to -				
a. Theft, fraud etc.	2	132	0	0
b. Overpayment of salaries etc	2	7,955	7	7,326
c. Other causes	3	90	3	457
3. Bad debts and claims abandoned			7	3,289
4. Damage to buildings, property etc -				
a. Theft, fraud etc.	1	123	4	3,470
b. Other	8	3,130	21	7,771
5. Compensation under legal obligation	1	4,500		
7. Ex gratia payments -				
a. Loss of personal effects	6	346	9	1,080
d. Other	2	79		
e. Maladministration, no financial loss			5	304
	25	16,355	56	23,697

There were nil cases of losses and special payments where the net payment exceeded £100,000 (2005/06 nil)

Note 24 Intra-government balances

	Debtors Amounts falling due within one year	**Debtors Amounts falling due after more than one year**	**Creditors Amounts falling due within one year**	**Creditors Amounts falling due after more than one year**
	£000	**£000**	**£000**	**£000**
Balances with other central government bodies	**8,290**	**0**	**1,017**	**0**
Balances with local authorities	**2,025**	**0**	**716**	**0**
Balances with NHS Trusts/FTs	**2,194**	**0**	**1,178**	**0**
Balances with public corporations and trading funds	**0**	**0**	**0**	**0**
Balances with bodies external to Government	**1,342**	**0**	**6,828**	**0**
At 30 September 2006	**13,851**	**0**	**9,739**	**0**
Balances with other central government bodies	13,207	0	3,138	0
Balances with local authorities	1,726	0	1,959	514
Balances with NHS Trusts/FTs	1,225	0	3,294	0
Balances with public corporations and trading funds	0	0	75	0
Balances with bodies external to Government	679	0	10,223	0
At 31 March 2006	16,837	0	18,689	514

Note 25.1 Pooled Budget

**NORFOLK LEARNING DIFFICULTIES POOLED FUND
MEMORANDUM ACCOUNT FOR THE PERIOD 1 APRIL 2006 TO
30 SEPTEMBER 2006**

	Unaudited	
	1/4/06 - 30/9/06	12 months 2005/06
Funding	Total	Total
	£000s	£000s
Norfolk Primary Care Trusts	19,013	34,448
Norfolk County Council	20,253	38,430
Total Funding	**39,266**	**72,878**
Expenditure		
Specialist health care services*	7,994	16,397
Specialist social care services	29,730	52,367
Commissioner Costs	89	130
Other SLAs	600	1,750
Total Expenditure	**38,413**	**70,644**
Net Overspend / (Underspend)	**(853)**	**(2,234)**

In 2006/07 Norwich PCT was party to a Pooled Fund agreement with Norfolk County Council, West Norfolk PCT, North Norfolk PCT, Broadland PCT, Southern Norfolk PCT and Great Yarmouth PCT (the contributing PCTs), drawn up under the partnership provisions contained in section 31 of the Health Act 1999. The arrangements set out in the Pooled Fund agreement were inherited by the contributing PCT's from their predecessor body, Norfolk Health Authority, which signed the agreement with Norfolk County Council in March 2002. The purpose of the agreement is to improve the services to adult clients with learning difficulties. Under the agreement Norfolk County Council is the host body for the Pooled Fund.

The Norfolk Primary Care Trusts have contributed a total of £19,013,600 to the pooled fund from 1 April 06 to 30 Sept 06, of which Norwich PCT's share is £3,761,950 (2005/06 full year £6,684,000).

The debtors in note 12 of these accounts include the sum of £1,874,100 relating to the prepayment of pooled fund contributions for October to December 2006 (in "Other prepayments and accrued income").

The creditors in note 13 of these accounts include the following balances relating to the pooled fund (both in "Accruals and deferred income"):
- credit note due in respect of the 2005/06 underspend on the pooled fund £202,828;
- payment due in respect of the overspends in 2003/04 and 2004/05 £513,513.

* Norwich PCT receives this sum as income for provision of specialist health care services.

Note 25.2 Medicine Support Service Pooled Fund

The Medicines Support pooled fund commenced 1 September 2003. Partners to the fund are Norfolk County Council and the six Norfolk PCTs. The purpose of the arrangement is to provide training and support to staff in residential homes to help them to manage patients' medication and to improve compliance and reduce wastage.

Details of the pooled fund's memorandum account for the period ended 30 September 2006 are as follows:

	Unaudited 1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Funding		
Broadland PCT	16	31
Great Yarmouth PCT	13	26
North Norfolk PCT	19	38
Norwich PCT	17	32
Southern Norfolk PCT	28	55
West Norfolk PCT	23	45
Norfolk County Council	9	18
Total Funding	**125**	**245**
Expenditure		
Specialist health care services	102	222
Specialist social care services	2	6
Total Expenditure	**104**	**228**
Net Underspend	**(21)**	**(17)**

The PCT's expenditure of £17,000 (2005/06 £32,000) is included within "Purchase of Healthcare from non-NHS providers" in note 4.1 to the Operating Cost Statement.

Note 25.3 Drug Action Team Memorandum Account

In April - September 2006 the PCT was party to a pooled budget for the provision of a Drug Action Team (DAT). Partners to the fund are Norfolk County Council and the six Norfolk PCTs, and the fund is hosted by Norwich PCT.

The majority of expenditure for this period was with Norfolk County Council, who have used the funds managed by them to:

develop services in Thetford and rural areas and for people under 19;
enhance clinical services for all substance misuse providers in Norfolk;
implement Drug Treatment and Testing Orders;
perform a crack cocaine needs assessment;
establish treatment bases;
develop substance misuse services for homeless people and sex workers;
continue the development of structured day care services;
implement the Criminal Justice Intervention Programme;
develop IT networks and administration capacity to meet data collection requirements;
provide training for working with crack cocaine users;
provide enhanced training for substance misuse workers with UEA; and
provide a diversity and young peoples' substance misuse needs assessments.

Details of the pooled fund's memorandum account for the period ended 30 September 2006 are as follows:

	Unaudited 1/4/06 - 30/9/06 £000	12 Months 2005/06 £000
Main income from Department of Health	303	589
Contributions from other pooled budget members		
Broadland PCT	241	436
North Norfolk PCT	238	431
Southern Norfolk PCT	428	775
Great Yarmouth PCT	230	418
West Norfolk PCT	335	608
Total Income	**1,775**	3,257
Expenditure by Norwich PCT in respect of DAT		
Norfolk County Council	1,614	2,375
Norfolk Mental Healthcare Trust	103	200
University of East Anglia	0	0
Pharmacies (Supervised consumption)	70	50
Shared Care Protocols	11	4
Various Voluntary Agencies	27	53
Southern Norfolk PCT	9	18
West Norfolk PCT	72	140
AIDS (GT Yarmouth PCT)	166	324
Other costs	0	14
Total Expenditure	**2,072**	3,178
Underspend brought forward from previous year	126	47
Surplus Income over Expenditure	**(171)**	126

Norwich Remuneration Report

The Primary Care Trust decided that for this disclosure “Senior Managers” is defined as the PCT Board members including non-statutory appointments and members of the Professional Executive Committee.

The Remuneration Committee consisted of the Chair of the Trust Board and two non executive members (see below). The Chief Executive also attended except when his salary was being considered, and the Head of Human Resources attended in a secretarial capacity.

Determination of Remuneration

The remuneration of the following posts was set by the Secretary of State for Health:

Board Chairman
Non Executive Board Directors
Professional Executive Committee (PEC) Chairman
PEC members

The remuneration for the executive directors of the PCT, which includes the Chief Executive Officer, the Director of Finance and the Director of Public Health, is determined by the PCT’s Remuneration Committee. The pay award to them however, followed that awarded to all other staff in the PCT. The members of this committee were:

Sue Gale	Chairman
Tim Leonard	Non Executive Director
John Vinookumar	Non Executive Director

There was no performance pay. Performance was measured through appraisals which monitored and identified objectives for Directors which followed from the Corporate Objectives of the Trust. All Directors were on substantive contracts with a three month notice period.

The Chief Executive was appointed by the Board as a result of an intensive, comprehensive recruitment process. Interviewers were invited to participate on the recruitment panel from key stakeholder organisations such as the Strategic Health Authority for this and for all Senior Executive appointments. The Chief Executive was appointed on an ‘open ended’ basis, with formal performance reviews taking place at Remuneration Committee for this and other senior executives. The Secretary of State/delegated nominee on behalf of the Secretary’s office may remove the Chief Executive from post, as well as other Senior Executives.

Salaries and Allowances (Audited Information)

Name and Title	April – September 2006			2005-2006		
	Salary (bands of £5,000)	Other Remuneration (bands of £5,000 £000	Benefits in kind (rounded to the nearest £00) £00	Salary (bands of £5,000) £000	Other Remuneration (bands of £5,000) £000	Benefits in kind (Rounded to the nearest £00) £00
Norwich PCT Board members						
Alastair Roy (Acting Chief Executive until 31/10/05)	N/A	N/A	N/A	75-80	0	0
Stephen Taylor (Acting Chief Exec from 1 Nov 05 – 30 Sept 06)	55-60	0	20	90-95	0	28-29
Paul Coker (Acting Director of Finance from 1 Nov 05 – 30 Sept 06)	40-45	0	14	30-35	0	7-8
Susan Gale (Chair)	10-15	0	0	20-25	0	0-1
Cath Robinson (Chair of PEC)	0-5	0	0	5-10	0	4-5
Jane Bevan (NED)	0-5	0	0	5-10	0	0-1
D.John Vinookumar (NED)	0-5	0	0	5-10	0	0-1
Yvonne Kirkham (NED)	0-5	0	0	5-10	0	0-1
Felicity Hartley (NED)	0-5	0	0	5-10	0	0-1
Timothy Leonard (NED)	0-5	0	0	5-10	0	0-1
Peter Crook (NED)	0-5	0	0	5-10	0	2-3
Peter Brambleby - Director of Public Health	55-60	0	0	110-115	0	0
Gerie Hadman - Nurse Member (also on PEC)	0-5	0	0	5-10	0	0-1
Dr Chris Francis (Full Board member from 1/4/05)	0-5	10-15	0	30-35	0	0
Professional Executive Committee (PEC)						
Dr Cath Robinson (Chair)	15-20	0	3	30-35	0	0
Dr Chris Francis (GP Exec Member)	0-5	0	0	5-10	0	0
Dr Hitesh Patel (GP Exec Member)	5-10	0	0	10-15	0	0
Gerie Hadman (Nurse Member)	5-10	0	0	5-10	0	0
Chris Ball (Pharmacist Rep)	0-5	0	0	5-10	0	0
Sheila Crowley (Therapist Member)	0-5	20-25	3	5-10	Consent not given	0
Jackie Mosley (Health Visitor)	0-5	10-15	2	5-10	Consent not given	0
Dr Chris Price (GP Exec Member from 1/4/05))	0-5	0	0	5-10	0	0
Howard Wynn (Social Services Member)	*	*	*	5-10	0	0

*Howard Wynn paid directly to Norfolk County Council

Pension Benefits (Audited Information)

Name & Title	Real increase in pension at age 60 (bands of £2,500) £000	Lump sum at aged 60 related to real increase in pension (bands of £2,500 £000	Total accrued pension at age 60 at 30 Sept 2006 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 30 Sept 2006 (bands of £5,000) £000	Cash Equivalent Transfer Value at 31 March 2006 £000	Cash Equivalent Transfer Value at 30 Sept 2006 £000	Real increase in Cash Equivalent Transfer Value £000
Norwich PCT Board Members							
Stephen Taylor	2.5-5	7.5-10	30-35	100-105	490	560	64
Paul Coker	0-2.5	2.5-5	10-15	30-35	134	163	27
Peter Brambleby	0-2.5	2.5-5	30-35	100-105	477	497	15
Sheila Crowley	0-2.5	0.2.5	15-20	45-50	214	222	5

Details are not required of non executive directors, non pensionable managers and independent GPs who are on the professional executive committees of PCTs/LHBs since pension disclosures are not required for these groups.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period. The Remuneration Report is Approved by the Chief Executive of Norfolk PCT

Signed

Julie Garbutt 6 July 2007