

Data entered below will be used throughout the workbook:

PCT name:	Wolverhampton City Primary Care Trust
This year	2006/07
Last year	2005/06
This year ended	31 March 2007
Last year ended	31 March 2006
This year beginning	1 April 2006

**OPERATING COST STATEMENT FOR THE YEAR ENDED
31 March 2007**

	NOTE	2006/07 £000	2005/06 £000
Commissioning			
Gross Operating Costs	4	286,661	269,158
Less: Miscellaneous Income	3	<u>(6,215)</u>	<u>(4,002)</u>
Commissioning Net Operating Costs		280,446	265,156
Provider			
Gross Operating Costs	4	67,757	66,297
Less: miscellaneous income	3	<u>(11,788)</u>	<u>(11,490)</u>
Provider Net Operating Costs		55,969	54,807
Net Operating Costs before interest		336,415	319,963
Interest Receivable		0	0
Interest Payable		<u>0</u>	<u>0</u>
Net Operating cost for the Financial Year		<u>336,415</u>	<u>319,963</u>

The notes on pages 5 to 35 form part of this account

**STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
31 March 2007**

	2006/07	2005/06
	£000	£000
Fixed asset impairment losses	(525)	0
Unrealised surplus / (deficit) on fixed asset revaluations/indexation	4,060	1,524
Increase in the donated asset reserve and government grant reserve due to receipt of donated and government granted assets	0	0
Additions / (Reductions) in the General Fund due to the transfer of assets from/(to) NHS bodies and the Department of Health	0	0
Additions / (Reductions) in "other reserves"	0	0
Recognised gains and losses for the financial year	3,535	1,524
Prior period adjustment - other	0	0
Gains and losses recognised in the financial year	3,535	1,524

**BALANCE SHEET AS AT
31 March 2007**

	NOTE	£000	31 March 2007 £000	31 March 2006 £000
FIXED ASSETS				
Intangible assets	9	22		39
Tangible assets	10.1	59,368		57,074
Investments	10.4	178	<u> </u>	<u>178</u>
			59,568	57,291
CURRENT ASSETS				
Stocks and work in progress	11	230		234
Debtors	12	4,477		5,989
Cash at bank and in hand	16.3	9	<u> </u>	<u>29</u>
TOTAL CURRENT ASSETS			4,716	6,252
CREDITORS : Amounts falling due within one year	13.1		<u>(30,750)</u>	<u>(21,657)</u>
NET CURRENT ASSETS / (LIABILITIES)			(26,034)	(15,405)
TOTAL ASSETS LESS CURRENT LIABILITIES			33,534	41,886
Creditors: Amounts falling due after more than one year	13.1		(185)	(209)
Provisions for liabilities and charges	14		<u>(2,406)</u>	<u>(1,980)</u>
TOTAL ASSETS EMPLOYED			30,943	39,697
FINANCED BY:				
TAXPAYERS EQUITY				
General Fund	15		8,655	20,704
Revaluation reserve	15		21,449	18,204
Donated asset reserve	15		801	752
Government grant reserve	15		38	37
Other reserves	15		<u>0</u>	<u>0</u>
TOTAL TAXPAYERS EQUITY			30,943	39,697

The notes on pages 5 to 35 form part of this account

The financial statements on pages 1 to 35 were approved by the Board on 3 July 2007 and signed on its behalf by

Chief Executive:

Date:

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 March 2007**

	NOTE	£000	2006/07 £000	2005/06 £000
OPERATING ACTIVITIES				
Net cash outflow from operating activities	16.1		(321,167)	(318,467)
SERVICING OF FINANCE AND RETURNS ON INVESTMENT:				
Interest paid		0		0
Interest received		0		0
Interest element of finance leases		0		0
Net cash inflow/(outflow) from servicing of finance and returns on investment			0	0
CAPITAL EXPENDITURE				
Payments to acquire intangible assets		0		(27)
Receipts from sale of intangible assets		0		0
Payments to acquire tangible fixed assets		(2,126)		(1,792)
Receipts from sale of tangible fixed assets		346		187
Payments to acquire fixed asset investments		0		0
Receipts from sale of fixed asset investments		0		0
Net cash inflow/(outflow) from capital expenditure			(1,780)	(1,632)
Net cash inflow/(outflow) before financing			(322,947)	(320,099)
FINANCING				
Net Parliamentary Funding		322,927		320,084
Other capital receipts surrendered		0		0
Capital grants received		0		0
Capital element of finance lease rental payments		0		0
Cash transfers (to)/from other NHS bodies		0		0
Net cash inflow/(outflow) from financing			322,927	320,084
Increase/(decrease) in cash	16.2		(20)	(15)

NOTES TO THE ACCOUNTS

Note 1. Accounting policies

The financial statements have been prepared in accordance with the 2006/07 Financial 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 and approved by HM Treasury.

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

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

b) Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

c) Taxation

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

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 PCT's activities for more than one year and have a cost equal to or greater than £5,000;

Intangible fixed assets held for operational use are valued at historical cost and are depreciated over the estimated life of the asset on a straight line basis. 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 cost more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates; and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective costs; or
- form part of an I.T. network which collectively has a cost of more than £5,000 and individually have a cost of more than £250.

ii) Valuation

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

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

Land, Buildings, Installations and Fittings

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.

Adjustments arising from indexation price movements are taken to the Revaluation Reserve and shown in the Statement of Recognised Gains and Losses. Valuations changes arising from revaluation from cost to Depreciated Replacement Cost for newly constructed assets are also charged there, as such falls in value result from differing assumptions between valuation bases.

Fixed asset investments

Fixed asset investments are recorded at Market Value. Any increase in value is taken in full to the revaluation reserve. Any impairment in value is charged to operating expenditure.

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 equipment which is considered to have nil inflation.

Assets in the course of construction

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

Residual interests in off-balance sheet Private Finance Initiative properties

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

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.

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

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

Purchased computer software licences are capitalised as intangible fixed assets where expenditure of £5000 or more is incurred. They are amortised over the shorter of the term of the license 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 of the Primary Care Trust. Donated assets are revalued and depreciated as described above for purchased assets.

v) Government Grants

Government grants are grants from government bodies other than funds from NHS bodies or funds awarded by Parliamentary Vote. Government grants in respect of capital expenditure are credited to a government grant reserve and are released to the Operating Cost Statement over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to miscellaneous income in the Operating Cost Statement so as to match them with the expenditure to which they relate. The Government Grant Reserve is revalued each year to match the net book value of the assets it has financed.

e) 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.

f) Pooled budgets

The Primary Care Trust has entered into a pooled budget with Wolverhampton City Council, pooling funds under S31 of the Health Act 1999. The pool arrangement includes Intermediate Care, Integrated Community Equipment Store and Learning Disability budget. Intermediate Care is hosted by the PCT. The Integrated Community Equipment Store and Learning Disability budgets are hosted by Wolverhampton City Council.

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.

From 2007/08, it is planned that a pooled commissioning budget and integrated provider budgets will exist for Adult Mental Health and Learning Disabilities.

g) Leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Primary Care Trust, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payment discounted by the interest rate implicit in the lease. The interest element of finance lease payments is charged to the 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.

h) Private Finance Initiative

The amendment to FRS5 dealing with Private Finance Initiative contracts was adopted by the NHS from 1999/2000. The NHS follows HM Treasury's '*Technical Note 1 (revised) How to Account for PFI transactions*' which provides practical guidance for the application of the FRS5 amendment.

PFI schemes are schemes under which premises and facilities are constructed and run by private sector organisations in return for annual payments from the PCT for the services provided at those premises or facilities.

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

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

j) Stocks and work-in-progress

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

Work-in-progress comprises goods in intermediate stages of production. Partially completed contracts for patient services are not accounted for as work-in-progress.

k) 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.

l) 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.

m) Clinical Negligence Costs

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

Since financial responsibility for clinical negligence cases transferred to the NHSLA 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.

n) 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.

o) 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 25 is compiled directly from the losses and compensations register which is prepared on a cash basis.

p) 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 the 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 as 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. The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the Business Service Authority - Pensions Division 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 employers' contributions are set at 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.

The scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. Additional pension liabilities arising from early retirement 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 final years pensionable pay for death in service, and up to five times their annual pension for death after retirement, less pensions already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die after retirement is payable.

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.

q) 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.

r) Third Party Assets

Assets belonging to third parties (such as money held on behalf of Patients) are not recognised in the accounts since the Primary Care Trust has no beneficial interest in them. Details of third party assets are given in Note 23 to the accounts and Note 16.3 for patient monies.

s) Cost of Capital Charge

The treatment of fixed assets in the accounts 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 year 2006/2007 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.

Note 2. Financial Performance Targets

Note 2.1 Revenue Resource Limit

The PCTs' performance for 2006/07 is as follows:

	2006/07	2005/06
	£000	£000
Total net operating cost for the financial year	336,415	319,963
Less: Non-discretionary Expenditure	<u>2,402</u>	<u>2,626</u>
Operating Costs less non-discretionary expenditure	334,013	317,337
Final Revenue Resource Limit for year	340,547	318,526
Under/(over) spend against Revenue Resource Limit	6,534	1,189
Financial support included in under/(over) spend against RRL:		
- NHS Bank		0
- Internally Generated		0

The revenue Resource Limit above has been arrived at as follows:

Initial Revenue Resource Limit	326,690	
(less): Transfers to the SHA Revenue reserve	(6,519)	
Plus: RRL in-year increases/(decreases)	10,870	
Plus: RRL in-year increases funded by the NHS bank (impairments funding)	4,076	
Plus: RRL in-year increases funded by the NHS bank (other)	5,430	
Final Revenue Resource Limit for year	340,547	

Cash Management

Cash limit retained centrally in respect of local reserve deduction	(6,519)	
Cash limit - subsequently reduced in-year	0	
Cash limit - subsequently increased in-year	0	

Note 2.2. Capital Resource Limit

The PCT is required to keep within its Capital Resource Limit

	2006/07	2005/06
	£000	£000
Gross Capital Expenditure	1,943	2,406
Add: Loss in respect of disposals of donated assets	0	0
less: Net book value of assets disposed of	(371)	(160)
less: Capital grants	0	0
less: Donations	<u>0</u>	<u>0</u>
Charge Against the Capital Resource Limit	1,572	2,246
Capital Resource Limit	3,921	4,107
(Over) / Under spend against Capital Resource Limit	2,349	1,861

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 2006/07 is as follows:

	2006/07	2005/06
	£000	£000
Provider gross operating cost	67,757	66,297
less: Miscellaneous income relating to provider functions	<u>(11,788)</u>	<u>(11,490)</u>
Net Operating Cost	55,969	54,807
less: Costs met from PCT's own allocation	<u>(55,981)</u>	<u>(54,822)</u>
Under / (over) recovery of costs	(12)	(15)

Note 3. Miscellaneous Income

	£000	£000	2006/07 £000	2005/06 £000
	Appropriated In Aid	Not Appropriated In Aid		
Fees and Charges	0		0	0
PDS Pilots dental charge income				28
Dental Charge income from contractor led GDS & PDS	2,518		2,518	
Dental Charge income from trust led GDS & PDS	29		29	
Prescription Charge Income	0		0	0
Strategic Health Authorities		353	353	45
NHS Trusts		843	843	701
Foundation Trusts		0	0	0
Primary Care Trusts for Drug Action Teams		179	179	272
Primary Care Trusts - other		6,691	6,691	5,926
Primary Care Trusts - Lead Commissioning Income		0	0	0
English RAB Special Health Authorities		0	0	0
Other English Special Health Authorities/CGA Bodies		0	0	0
Department of Health - SMPTB		0	0	0
Department of Health - other		104	104	50
Income for Trust Impairment		0	0	0
Local Authorities	2,044		2,044	1,602
Patient Transport Services	0	0	0	0
Education, Training and Research	144	889	1,033	1,358
Non NHS: Private Patients	0		0	0
Non-NHS: Overseas Patients (non-reciprocal)	0		0	0
Road Traffic Act	2		2	2
NHS Injury Costs Recovery	0		0	
Other Non-NHS patient care services	736		736	1,470
Charitable and other contributions to expenditure	2,635	0	2,635	2,675
Transfer from the donated asset reserve		8	8	31
Transfer from the Government Grant reserve		2	2	0
Other income	789	37	826	1,332
TOTAL MISCELLANEOUS INCOME	8,897	9,106	18,003	15,492

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

	2006/07 £000	2005/06 £000
Goods and services from other Primary Care Trusts		
Healthcare	32,439	29,798
Non Healthcare	0	0
Total	32,439	29,798
Goods and services from other NHS bodies excluding Foundation Trusts		
Healthcare	128,826	130,140
Non Healthcare	581	143
Total	129,407	130,283
Goods and Services from Foundation Trusts	2,514	1,829
Purchase of healthcare from non-NHS providers	18,971	18,888
Social Care from independent providers	0	0
Expenditure on Drugs Action Teams	1,216	981
Non-GMS services from GPs	0	206
Contractor led GDS & PDS	11,992	
Trust led GDS & PDS	310	
PDS Pilots		978
PCT Board members' costs	494	477
PCT Executive Committee non-officer members' costs	85	111
Staff costs	54,847	54,091
Prescribing costs	39,491	39,335
GMS/PMS/APMS/PCTMS	30,878	30,953
Pharmaceutical Services	429	1,598
Local Pharmaceutical Service Pilots	0	0
New Pharmacy Contract	1,573	0
General Dental Services	0	15
General Ophthalmic Services	2,468	2,611
Supplies and services - clinical	5,396	5,410
Supplies and services - general	718	938
Establishment	2,647	2,540
Transport	564	572
Premises	4,891	4,052
Bad debts	90	330
Depreciation	2,572	2,186
Amortisation	18	
Fixed asset impairments and reversals	240	0
(Profit)/loss on disposal of fixed assets	26	16
Cost of capital charge	1,209	1,311
Audit fees	153	130
Other auditor's remuneration	0	0
Clinical negligence costs	63	110
Other finance costs - unwinding of discount	21	20
Change in the discount rate on provisions		158
NHS Trust Impairments	4,076	1,266
Redundancies	141	2
Other	4,479	4,260
Total	354,418	335,455

PCT Board members' costs above include £0 for early retirements prior to 6/3/95 (2005-06 £0).

Staff costs above include £0 for early retirements prior to 6/3/95 (2005-06 £0).

Note 4.2 Analysis of operating expenditure by expenditure classification

Note 4.2 Purchase of Health Care by PCT

	2006/07	2005/06
	£000	£000
Purchase of Primary Health Care		
GMS / PMS/ APMS / PCTMS	30,878	30,599
Prescribing costs	39,491	40,171
Pharmaceutical services	429	1,598
Contractor led GDS & PDS	11,992	[REDACTED]
Trust led GDS & PDS	310	[REDACTED]
General Dental Services	[REDACTED]	15
General Ophthalmic Services	2,468	2,610
Department of Health Initiative Funding	0	0
Personal Dental Services (PDS) pilots	[REDACTED]	899
Local Pharmaceutical Services Pilots	0	0
New Pharmacy Contract	1,574	
Non-GMS Services from GPs	0	206
Other	1,966	1,597
Total Primary Healthcare purchased	89,108	77,695
Purchase of Secondary Healthcare		
Learning Difficulties	11,661	11,898
Mental Illness	32,576	29,754
Maternity	8,946	8,976
General and Acute	140,775	137,675
Accident And Emergency	12,035	12,982
Community Health Services	28,541	27,165
Other Contractual	6,292	5,825
Total Secondary Healthcare Purchased	240,826	234,275
Impairments in Trusts	4,076	1,266
Grants (revenue) to fund Capital Projects - GMS	0	353
Grants (revenue) to LAs to fund Capital Projects	0	0
Grants (revenue) to private sector to fund Capital Projects	0	443
Grants (revenue) to fund Capital Projects -other	234	90
TOTAL HEALTHCARE PURCHASED BY PCT	334,244	313,679
Amount of self-commissioned secondary healthcare included above*	55,981	54,822
Healthcare purchased from Foundation Trusts included above	2,519	1,648

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

Note 4.3 Operating Leases

4.3/1 Operating expenses include:

	2006/07	2005/06
	£000	£000
Hire of plant & machinery	0	0
Other operating lease rentals	2,178	1,122
Total	2,178	1,122

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

	2006/07	2006/07	2005/06	2005/06
	Land and buildings	Other leases	Land and buildings	Other leases
	£000	£000	£000	£000
Operating leases which expire:				
Within 1 year	132	61	217	82
Between 1 and 5 years	483	121	492	174
After 5 years	1,408	0	157	0
Total	2,023	182	866	256

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

	2006/07			2005/06		
	Total £000	Permanently Employed £000	Other £000	Total £000	Permanently Employed £000	Other £000
Salaries and wages	47,092	45,742	1,350	46,885	43,363	3,522
Social security costs	3,248	3,248	0	3,147	3,147	0
Employer contributions to NHSPA	5,776	5,776	0	5,538	5,538	0
Other pension costs	0	0	0	0	0	0
Total	56,116	54,766	1,350	55,570	52,048	3,522

Redundancy/early retirements due to reorganisation

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Note 5.2 Staff Numbers

	2006/07			2005/06		
	Total Number	Permanently Employed Number	Other Number	Total Number	Permanently Employed Number	Other Number
Medical and dental	76	71	5	77	69	8
Ambulance staff	0	0	0	0	0	0
Administration and estates	661	643	18	615	589	26
Healthcare assistants & other support staff	91	91	0	93	93	0
Nursing, midwifery & health visiting staff	697	687	10	552	530	22
Nursing, midwifery & health visiting learners	5	5	0	200	200	0
Scientific, therapeutic and technical staff	246	242	4	295	287	8
Social Care staff	0	0	0	0	0	0
Other	6	6	0	0	0	0
Total	1782	1745	37	1832	1768	64

Note 5.3 Employee benefits

There were no employee benefits during the year (£0 in 2005/06)

Note 5.4 Retirements due to ill-health

During 2006/07 there were 5 early retirements from the Primary Care Trust agreed on the grounds of ill-health (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 £650,085 (2005/06 £238,672).

Note 5.5 Management costs

	2006/07	2005/06
Management costs (£000s)	6,235	5,917
Weighted population (Number)	269,751	269,018
Management cost per head of weighted population (£)	23.11	21.99

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

Note 6. Better Payment Practice Code

Note 6.1 Better Payment Practice Code - measure of compliance

	2006/07 Number	2006/07 £000	2005/06 Number	2005/06 £000
Non-NHS Creditors				
Total bills paid in the year	20,123	40,079	23,444	35,166
Total bills paid within target	17,251	37,097	20,797	32,777
Percentage of bills paid within target	85.73%	92.56%	88.71%	93.21%
NHS Creditors				
Total bills paid in the year	2,229	175,602	2,033	198,862
Total bills paid within target	1,787	171,038	1,232	190,872
Percentage of bills paid within target	80.17%	97.40%	60.60%	95.98%

The Better Payment Practice Code requires the PCT to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later

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

	2006/07 £000	2005/06 £000
Amounts included within Interest Payable (Note 7) arising from claims made by businesses under this legislation	0	0
Compensation paid to cover debt recovery costs under this legislation	0	0

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

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

	2006/07 £000	2005/06 £000
Profit on disposal of intangible assets	0	0
Loss on disposal of intangible assets	0	0
Profit on disposal of land and buildings	0	20
Loss on disposal of land and buildings	(26)	0
Profits on disposal of plant and equipment	0	0
Loss on disposal of plant and equipment	0	(36)
Profit on disposal of investment assets	0	0
Loss on disposal of investment assets	0	0
Total	(26)	(16)

The PCT disposed of The Beeches, a Learning Disabilities residential home considered unsuitable to provide adequate modern services.

Note 7.2 Analysis of Impairments charged to operating costs

	Intangible Assets £000	Tangible Assets £000	Fixed Asset Investments £000	Current Asset Investments £000
Loss or damage from normal operations	0	0	0	0
Loss as a result of catastrophe	0	0	0	0
Abandonment of assets in course of construction	0	0	0	0
Unforeseen obsolescence	0	0	0	0
Over specification of assets	0	0	0	0
Other (detail below)	0	240	0	0
Changes in Market Price	0	0	0	0
Totals	0	240	0	0
Total impairments	240			

Impairments relate to:

- Pennfields health centre prior to its disposal (£139,000)
- Dental equipment declared obsolete (£23,000)
- Impairment of capital works at Wood End school following the PCT's vacation of the site (£78,000)

Note 8. Interest Payable

	2006/07 £000	2005/06 £000
Finance leases	0	0
Other (e.g. late payment of commercial debt)	0	0
TOTAL	0	0

Note 9. Intangible Fixed Assets

	Software licences £000	Licenses & trademarks £000	Patents £000	Development expenditure £000	Total £000
Gross cost at 1 April 2006	109	0	0	0	109
Additions - purchased	1	0	0	0	1
Additions - donated	0	0	0	0	0
Additions - government granted	0	0	0	0	0
Impairments	0	0	0	0	0
Indexation	0	0	0	0	0
Other revaluation	0	0	0	0	0
Reclassifications	0	0	0	0	0
In year transfers to/from NHS bodies	0	0	0	0	0
Disposals	0	0	0	0	0
Gross cost at 31 March 2007	110	0	0	0	110
Accumulated amortisation at 1 April 2006	70	0	0	0	70
Indexation	0	0	0	0	0
Impairments	0	0	0	0	0
Reversal of impairments	0	0	0	0	0
Other revaluation	0	0	0	0	0
Provided during the year	18	0	0	0	18
Reclassifications	0	0	0	0	0
In year transfers to/from NHS bodies	0	0	0	0	0
Disposals	0	0	0	0	0
Accumulated amortisation at 31 March 2007	88	0	0	0	88
- Purchased at 1 April 2006	39	0	0	0	39
- Donated at 1 April 2006	0	0	0	0	0
- Government granted at 1 April 2006	0	0	0	0	0
Total at 1 April 2006	39	0	0	0	39
- Purchased at 31 March 2007	22	0	0	0	22
- Donated at 31 March 2007	0	0	0	0	0
- Government granted at 31 March 2007	0	0	0	0	0
Total at 31 March 2007	22	0	0	0	22

Note 9. Tangible Fixed Assets

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2006	18,153	34,939	318	0	3,345	227	2,538	1,648	61,168
Additions - purchased	0	740	0	0	521	18	236	427	1,942
Additions - donated	0	0	0	0	0	0	0	0	0
Additions - government granted	0	0	0	0	0	0	0	0	0
Impairments	0	(525)	0	0	0	0	0	0	(525)
Indexation	1,031	2,804	26	0	79	0		40	3,980
Reclassifications	0	22	0	0	(1)	0	0	(21)	0
In year transfers to/from NHS bodies	0	0	0	0	0	0	0	0	0
Other in year revaluation	0	140	0	0	0	0	0	0	140
Disposals	(105)	(266)	0	0	0	0	0	0	(371)
At 31 March 2007	19,079	37,854	344	0	3,944	245	2,774	2,094	66,334
Accumulated depreciation at 1 April 2006					1,991	227	1,035	841	4,094
Provided during the year		1,478	9		457	0	479	149	2,572
Impairments	0	217	0		23	0	0	0	240
Reversal of Impairments		0	0		0	0	0	0	0
Reclassifications		0	0		0	0	0	0	0
Indexation					41	0		19	60
Other in year revaluation		0	0		0	0	0	0	0
In year transfers to/from NHS bodies		0	0		0	0	0	0	0
Disposals		0	0		0	0	0	0	0
Accumulated depreciation at 31 March 2007	0	1,695	9	0	2,512	227	1,514	1,009	6,966
Net book value									
- Purchased at 1 April 2006	17,973	34,330	318	0	1,354	0	1,503	807	56,285
- Donated at 1 April 2006	180	572	0	0	0	0	0	0	752
- Government Granted at 1 April 2006	0	37	0	0	0	0	0	0	37
Total at 1 April 2006	18,153	34,939	318	0	1,354	0	1,503	807	57,074
Net book value									
- Purchased at 31 March 2007	18,889	35,510	335	0	1,432	18	1,260	1,085	58,529
- Donated at 31 March 2007	190	611	0	0	0	0	0	0	801
- Government Granted at 31 March 2007	0	38	0	0	0	0	0	0	38
Total at 31 March 2007	19,079	36,159	335	0	1,432	18	1,260	1,085	59,368

Note 10.1 Tangible Fixed Assets (continued)

Of the totals at 31 March 2007, £1,450,000 related to land and buildings valued at open market value at Red Hill Street. This is a non-operational asset that is due to be disposed of in 2007/08.

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

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation at 31 March 2007	0	0	0	0	0	0	0	0	0
Cost or valuation at 31 March 2006	0	0	0	0	0	0	0	0	0

The total amount of depreciation charged to the Operating Cost Statement in respect of assets held under finance leases and hire purchase contracts:

	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000		£000	£000	£000	£000	£000
Depreciation 31 March 2007	0	0	N/A	0	0	0	0	0
Depreciation 31 March 2006	0	0	N/A	0	0	0	0	0

Note 10.3 The net book value of land and buildings at 31 March 2007 comprises:

	31 March 2007 £000	Purchased £000	Donated £000	Governmen t Granted £000	31 March 2006 £000
Freehold	55,573	54,734	801	38	53,410
Long leasehold	0	0	0	0	0
Short leasehold	0	0	0	0	0
TOTAL	55,573	54,734	801	38	53,410

Note 10.4 Fixed assets investments

	Equity shareholdings £000	Loan-stock £000	Total £000
Balance as at 31 March 2006	178	0	178
Additions	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
Balance as at 31 March 2007	178	0	178

Fixed asset investments relate to equity held within LIFT schemes.

Note 11. Stock and work in progress

	31 March 2007 £000	31 March 2006 £000
Raw materials and consumables	230	234
Work-in-progress	0	0
Finished goods	0	0
Total	230	234

Note 12. Debtors

	31 March 2007 £000	31 March 2006 £000
Amounts falling due within one year:		
NHS debtors	1,280	1,383
Provision for irrecoverable debts	(419)	(333)
Other prepayments and accrued income	1,461	2,953
Capital debtors	0	0
Other debtors	2,155	1,986
	4,477	5,989
Amounts falling due after more than one year:		
NHS debtors	0	0
Provision for irrecoverable debts	0	0
Other prepayments and accrued income	0	0
Capital debtors	0	0
Other debtors	0	0
	0	0
TOTAL	4,477	5,989

NHS Debtors include;

- £0 prepaid pension contributions at 31 March 2007 (31 March 2006 £0); and
- £0 prepayments from the buyout of early retirements (31 March 2006 £0).

Note 13. Creditors

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

	31 March 2007	31 March 2006
	£000	£000
Amounts falling due within one year:		
Bank overdrafts	0	0
Interest payable	0	0
Payments received on account	0	0
NHS creditors	12,992	4,661
Family Health Services (FHS) creditors	11,706	8,782
Non - NHS trade creditors - revenue	4,272	4,298
Non - NHS trade creditors - capital	460	642
Tax	6	1,095
Social Security costs	3	0
Obligations under finance leases and hire purchase contracts	0	0
Other creditors	1,300	2,085
Accruals and deferred income	11	94
	<u>30,750</u>	<u>21,657</u>
Amounts falling due after more than one year:		
Obligations under finance leases and hire purchase contracts	0	0
NHS creditors	185	0
Other	0	209
	<u>185</u>	<u>209</u>
Total	<u>30,935</u>	<u>21,866</u>

NHS creditors include;

- £0 for payments due in future years under arrangements to buy out the liability for 0 early retirements over 5 years (2005/06 £0); and
- £185,000 outstanding pensions contributions at 31 March 2007 (£209,000 at 31 March 2006)

Note 13.2 Finance lease obligations

	31 March 2007 £000	31 March 2006 £000
Payable:		
Within one year	0	0
Between one and five years	0	0
After five years	0	0
	<u>0</u>	<u>0</u>
Less finance charges allocated to future periods	0	0
Total	<u>0</u>	<u>0</u>

Note 13.3 Finance Lease Commitments

The PCT has no finance lease commitments.

Note 14. Provisions for liabilities and charges

	Pensions relating to former directors/ members £000	Pensions relating to other staff £000	Legal claims £000	Restruc- turings £000	Other £000	Total £000
At 1 April 2006	712	0	513	0	755	1,980
Arising during the year*	1	0	33	0	907	941
Utilised during the year	(57)	0	(66)	0	(403)	(526)
Reversed unused	0	0	(5)	0	(5)	(10)
Unwinding of discount	15	0	6	0	0	21
Transfer in-year	0	0	0	0	0	0
At 31 March 2007	<u>671</u>	<u>0</u>	<u>481</u>	<u>0</u>	<u>1,254</u>	<u>2,406</u>
Future Payments to NHS trusts	0	0	211	0	0	211
Future Payments to Primary Care Trusts	0	0	228	0	0	228
Expected timing of cash flows:						
Within 1 year	57	0	138	0	1,254	1,449
1 - 5 years	285	0	215	0	0	500
Over 5 years	329	0	128	0	0	457

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

Likely costs and timings have been based upon data received from the NHS Pensions Agency (Pensions relating to former Directors), and individual case details obtained from the NHS Litigation Authority (Legal Claims).

'Other' Provisions relate to pay arrears due to the PCT staff members as a result of the implementation of Agenda for Change and potential future contractual liabilities. Also included is £250,000 for anticipated equal pay claims. It is anticipated that these provisions will be settled within the next financial year.

£161,000 is included in the provisions of the NHSLA at 31.3.2007 in respect of clinical negligence provisions of the PCT. (31.3.2006 £378,000).

Note 15. Movements on Reserves

Movements on reserves in the year comprised the following:

	Revaluation reserve		Donated asset reserve		Government grant reserve		Other reserves		General Fund	
	2006/07 £000	2005/06 £000	2006/07 £000	2005/06 £000	2006/07 £000	2005/06 £000	2006/07 £000	2005/06 £000	2006/07 £000	2005/06 £000
At 1 April	18,204	16,704	752	759	37	37	0	0	20,704	19,272
Net Parliamentary Funding									322,927	320,084
Cost of Capital Charge									1,209	1,311
Transfer from the OCS									(336,415)	(319,963)
Fixed asset impairments	(525)	0	0	0	0	0				
Surplus/(deficit) on other revaluations/indexation of fixed assets	4,000	1,500	57	24	3	0				
Transfer of realised profits (losses)	0	0	0	0	0	0			0	0
Receipt of donated/Government granted assets			0	0	0	0				
Depreciation and disposal of donated/Government granted assets			(8)	(31)	(2)	0				
Transfers to other NHS Bodies			0	0	0	0			0	0
Other movements on reserves *	(230)	0	0	0	0	0	0	0	230	0
At 31 March	21,449	18,204	801	752	38	37	0	0	8,655	20,704

* Other movements on reserves relate to the transfer from the revaluation reserve to the general fund of the difference between historical cost depreciation and current cost depreciation.

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

	2006/07 £000	2005/06 £000
Net operating Cost	(336,415)	(319,963)
Depreciation charge	2,590	2,186
Cost of capital charge	1,209	1,311
Fixed asset impairments	240	0
(Profit)/loss on disposal of fixed assets	26	16
Non-cash movement in provisions	952	
Transfer from donated asset reserve	(8)	(31)
Transfer from the Government grant reserve	(2)	0
(Increase)/decrease in stocks	4	27
(Increase)/decrease in debtors	1,512	(2,004)
Increase/(decrease) in creditors	9,251	(328)
Increase/(decrease) in provisions	(526)	319
Net cash inflow/(outflow) from operating activities before restructuring costs	(321,167)	(318,467)
Payments in respect of fundamental reorganisation/restructuring	0	0
Net cash inflow/(outflow) from operating activities	(321,167)	(318,467)

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

	2006/07 £000	2005/06 £000
Increase/(decrease) in cash in the period	(20)	(15)
Cash outflow from finance lease payments	0	0
Change in net debt resulting from cash flows	(20)	(15)
Non - cash changes in debt	0	0
Net debt at 1 April 2006	29	44
Net debt at 31 March 2007	9	29

Note 16.3 Analysis of changes in net debt

	At 31 March 2007 £000	Cash flows in year £000	Non-cash changes in year £000	Transfers to/ from NHS bodies £000	At 1 April 2006 £000
OPG cash at bank	2	(23)		0	25
Cash at bank and in hand	7	3		0	4
Bank overdrafts	0	0		0	0
Finance leases due within one year	0	0	0	0	0
Finance leases due after one year	0	0	0	0	0
Total	9	(20)	0	0	29

Excluded above: £51,000 held in PCT accounts relating to Patients' money (£46,000 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 £0 (2005/06 £0)

Note 18. Post Balance Sheet Events

The Primary Care Trust does not have any post balance sheet events.

Note 19. Contingencies

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

	2006/07	2005/06
	£000	£000
Gross value	(12)	(22)
Amounts recoverable	<u>0</u>	<u>0</u>
Net Contingent Liability	<u>(12)</u>	<u>(22)</u>

These relate to cases currently under investigation by the NHSLA and the value represents the PCT's member liability.

Note 20. Related Party Transactions

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

During the year the following Board Members have declared interests with other organisations that have undertaken material transactions with Wolverhampton City Primary Care Trust:

- N Nisbet (Director of Wolverhampton & Walsall LIFT Co.)
- C Crosdale (Chairman/Board Member of Wolverhampton Sickle Cell & Thalassaemia Support Project)

The following General Practitioners were members of the PEC board during 2006/07:

- Dr Handa
- Dr S Ravindran
- Dr J Parkes
- Dr J Morgan
- Dr K Krishan
- Dr H Hibbs
- Dr N Hall

Payments were made to these GP's and their associated practices in the normal course of their provision of General Medical Services to the population of Wolverhampton.

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

The Royal Wolverhampton Hospitals NHS Trust
West Midlands Strategic Health Authority
Dudley Group of Hospitals
Dudley South Primary Care Trust
Dudley Beacon and Castle Primary Care Trust
Dudley Primary Care Trust
University Hospitals Birmingham NHS Foundation Trust
Walsall Primary Care Trust
Walsall Hospitals NHS Trust
West Midlands Ambulance Service
NHS Business Services Authority
NHS Pensions Agency

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 Wolverhampton City Council in respect of joint enterprises and the Inland Revenue.

The PCT has also received revenue payments from a number of charitable funds, certain of the Trustees of which are also members of the PCT Board.

Note 21. Private Finance/LIFT Transactions

Note 21.1 There are no PFI schemes deemed to be off-balance sheet.

Note 21.2 There are no PFI schemes deemed to be on-balance sheet

Note 21.3 LIFT Schemes deemed to be off-balance sheet

	2006/07 £000	2005/06 £000
Amount included within operating costs in respect of the 'service' element of LIFT schemes deemed to be on-balance sheet	1208	147
Amortisation of LIFT deferred asset	0	0
Net charge to operating costs	<u>1208</u>	<u>147</u>

The PCT is committed to make the following payments during the next year, in which the commitment expires

	2006/07 £000	2005/06 £000
LIFT scheme expires;		
Within one year	0	0
2 to 5 years (inclusive)	0	0
6 to 10 years (inclusive)	0	0
11 to 15 years (inclusive)	0	0
16 to 20 years (inclusive)	0	0
21 to 25 years (inclusive)	1293	1271

The estimated annual payments in future years are not expected to be materially different from those which the PCT is committed to make during the next year.

	£000
The estimated capital value of the LIFT scheme	10,154
Contract start date	05/12/2005
Contract end date	05/12/2030

These schemes will provide updated Primary Healthcare Centres in collaboration with LIFTCo.

Note 21.4 'Service' element of LIFT schemes deemed to be on-balance sheet

There are no LIFT schemes deemed to be on-balance sheet.

Note 22. 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. Wolverhampton City 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. Wolverhampton City PCT is not, therefore, exposed to significant interest-rate risk. The following two tables show the interest rate profiles of the PCT's financial assets and liabilities:

Note 22.1 Financial Assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing	
					Weighted ave interest rate	Weighted ave period for which fixed	Weighted average term	
					%	Years	Years	
	£000	£000	£000	£000				
At 31 March 2007								
Sterling	9	0	0	9	0%	0	0	0
Other	0	0	0	0	0%	0	0	0
Gross financial assets	9	0	0	9				
At 31 March 2006								
Sterling	29	0	0	29	0%	0	0	0
Other	0	0	0	0	0%	0	0	0
Gross financial assets	29	0	0	29				

Note 22.2 Financial Liabilities

Currency	Total	Floating rate	Fixed rate	Non-interest bearing	Fixed rate		Non-interest bearing	
					Weighted ave interest rate	Weighted ave period for which fixed	Weighted average term until maturity	
					%	Years	Years	
	£000	£000	£000	£000				
At 31 March 2007								
Sterling	856	0	856	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Gross financial assets	856	0	856	0				
At 31 March 2006								
Sterling	921	0	921	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Gross financial assets	921	0	921	0				

Foreign Currency Risk

The PCT has no foreign currency income or expenditure.

Note 22.3 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 31 March 2007.

	Book Value	Fair Value	Basis of fair valuation
	£000	£000	
Financial assets			
Fixed Asset investments	178	178	
Cash	9	9	
Debtors over 1 year:			
- Agreements with commissioners to cover creditors and provisions	0	0	
Loans and Investments	0	0	Note a
Total	187	187	
Financial liabilities			
Overdraft	0	0	
Creditors over 1 year:			
- Early retirements	185	185	Note b
- Finance leases	0	0	Note c
- Other	0	0	
Provisions under contract	671	671	Note e
Total	856	856	

a These debtors reflect agreements with commissioners to cover creditors over 1 year for early retirements and provisions under contract, and their related interest charge/unwinding of discount. In line with notes c and e, below, fair value is not significantly different from book value.

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

c To obtain fair value, cash flows have been discounted at prevailing market interest rates for finance leases for a similar term.

d 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 3.5% in real terms.

Note 23. Third party assets

The PCT held £51,000 cash at bank and in hand at 31.3.2007 which relates to monies held by Wolverhampton City PCT on behalf of patients (£46,000 at 31/3/06). This has been excluded from cash at bank and in hand figure reported in the accounts.

Note 24. Pooled Budget

The Primary Care Trust has entered into a pooled budget with Wolverhampton City Council, pooling funds under S31 of the Health Act 1999. The pool arrangement includes Intermediate Care, Integrated Community Equipment Store and Learning Disability budget. Intermediate Care is hosted by the PCT. The Integrated Community Equipment Store and Learning Disability budgets are hosted by Wolverhampton City Council.

Pages 32 - 34 of these accounts contain the memorandum accounts relating to these 3 pooled budgets.

Note 25 Losses and Special Payments

There were 98 cases of losses and special payments approved during 2006 - 2007 (prior year: 110 cases) totalling £31,553, (prior year: £121,753).

There were 0 clinical negligence cases where the net payment exceeded £100,000, totalling £0, (prior year: 0 cases totalling £0).

There were 0 fraud cases where the net payment exceeded £100,000 totalling £0 (prior year 0 cases totalling £0).

There were 0 personal injury cases where the net payment exceeded £100,000 totalling £0 (prior year 0 cases totalling £0).

There were 0 compensation under legal obligation cases where the net payment exceeded £0 totalling £0 (prior year 0 cases totalling £0).

There were 0 fruitless payment cases where the net payment exceeded £0 totalling £0 (prior year 0 cases totalling £0).

Note: The total costs included in this note are on an accruals basis and will not reconcile to the amounts in the notes to the accounts which are prepared on a cash basis.

Note 26 Intra-government balances

	Debtors Amounts falling due within one year £000	Debtors Amounts falling due after more than one year £000	Creditors Amounts falling due within one year £000	Creditors Amounts falling due after more than one year £000
Balances with other central government bodies	1,259	0	1,935	185
Balances with local authorities	307	0	778	0
Balances with NHS Trusts/FTs	152	0	11,546	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to Government	2,759	0	16,491	0
At 31 March 2007	4,477	0	30,750	185
Balances with other central government bodies	816	0	2,631	209
Balances with local authorities	204	0	378	0
Balances with NHS Trusts/FTs	703	0	3,485	0
Balances with public corporations and trading funds	0	0	0	0
Balances with bodies external to Government	4,266	0	15,163	0
At 31 March 2006	5,989	0	21,657	209