

Company number: 09125623

City & Hackney GP Confederation C.I.C.

Report and financial statements

For the 12 months ended 30 September 2016

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City & Hackney GP Confederation C.I.C.

Reference and administrative details

For the year ended 30 September 2016

Company number 09125623

**Registered office
and operational
address** 2nd Floor
The Lawson Practice
85 Nuttall Street
LONDON
N1 5HZ

Directors Directors who served during the year and up to the date of this report were as follows:

Clare Ashton
Jackie Atkinson (left 31 January 2016)
Russell Barnes–Heath (Director of Finance & Information)
Dr Nick Brewer
Dr Deborah Colvin (Chair)
Dr Stephanie Coughlin
Colin Jacobs
Dr David Keene
Dr Gopal Mehta
Dr Ravleen Sabharwal (left 31 January 2016)
Laura Sharpe (Chief Executive Officer)
Dr Sarah Williams

Bankers The Co-operative Bank
Charity, Co-operative & Social Enterprise Banking
3rd Floor
St Paul's House
10 Warwick Lane
LONDON
EC4M 7BP

Solicitors Hempsons
Hempsons House
40 Villiers Street
LONDON
WC2N 6NJ

Auditors Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

Directors' report

For the year ended 30 September 2016

The directors present their report and the audited financial statements for the second accounting period of 12 months ended 30th September 2016.

City & Hackney GP Confederation CIC

City and Hackney GP Confederation was set up in July 2014 as a Community Interest Company (CIC) with a membership of 43 GP practices in City and Hackney, with a total registered patient list size of 309,016 (as at 1 October 2016). The company is a not-for-profit organisation in which each of the non-corporate GP practices in City and Hackney are equal shareholders. Each of the practices pays an annual membership fee to the Confederation based on the size of their registered patient list.

The purpose of the GP Confederation is to support member GP practices to improve quality, resilience and stability in primary care, and to develop innovative, cost-effective services that respond to the needs of local people.

The Confederation's Clinical Board (the Board) is made up of five elected GPs – one of whom is elected as Chair, with the other four made up of one elected representative from each quadrant of the borough. Other Board members include an elected Practice Manager and Practice Nurse, two Lay Members, and an appointed Chief Executive Officer and a Director of Finance & Information.

Key Activities and Achievements

Over the past 12 months the GP Confederation was commissioned by City & Hackney Clinical Commissioning Group to deliver on a number of enhanced primary care contracts, which it delivered by sub-contracting with its member practices and supporting practices to deliver the contract requirements. Further details of these contracts are included in the Strategic Report that follows.

The GP Confederation also directly provides a Smoking Cessation service commissioned by the London Borough of Hackney and a Care Co-ordination service as a key local partner within the local integration programme.

A summary of the GP Confederation's key achievements during the last 12 months of operation is reported in the Strategic Report.

Financial overview

In the 12 months ending 30 September 2016, the GP Confederation recorded a surplus of £64k (0.5% of turnover). This was primarily due to managing costs below income and ensuring that all new contracts made a positive contribution to the bottom line. This small surplus will be carried forward as part of the retained earnings as a reserve to mitigate against future risks and unforeseen costs. Further details are included in the Strategic Report.

Directors' report

For the year ended 30 September 2016

Future Plans

The GP Confederation continues to be an ambitious and forward-thinking organisation, and work over the coming year will continue to focus on improving and developing primary care services and ensuring that primary care is able to play an active and significant part in the development of new service models and approaches to care.

Key areas of work which are already being progressed include:

- Developing and broadening the Confederation's contract portfolio – the Confederation has recently been awarded new contracts in relation to Demand Management, IT enabler projects on electronic referrals and electronic prescribing, Wound Care, Substance Misuse, Coordinate My Care, and NHS Health Checks;
- Developing an intensive support team to provide help to GP practices to support them to improve quality and meet contract targets;
- Supporting the development of group consultations in primary care;
- Leading and facilitating quarterly Quadrant Multi-Disciplinary Team meetings to enable clinical teams to share learning and influence service change and redesign;
- Progressing work on economies of scale and back office functions to support local practices;
- Continuing to develop capacity and capability within the primary care workforce, including the continuing support and further development of the Salaried GP and Salaried Trainee Practice Nurse Schemes. We also plan to establish and develop a range of training and development programmes to support the development of other primary care staff, including Health Care Assistants, practice managers, reception and administrative staff.

Statement of responsibilities of the directors

The directors are responsible for preparing the directors' annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of City & Hackney GP Confederation CIC and its profit or loss for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation

City & Hackney GP Confederation C.I.C.

Directors' report

For the year ended 30 September 2016

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain City & Hackney GP Confederation CIC's transactions and disclose with reasonable accuracy at any time its financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of City & Hackney GP Confederation CIC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on City & Hackney GP Confederation CIC's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the directors also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.

Sayer Vincent LLP were reappointed as the company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the directors on 24 March 2017 and signed on their behalf by

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

Strategic report

For the year ended 30 September 2016

The directors have pleasure in presenting their strategic report for the year ended 30 September 2016.

Strategic review

Over the past 12 months, the GP Confederation was commissioned by City & Hackney Clinical Commissioning Group to deliver on a number of enhanced primary care contracts including:

- Long Term Conditions
- Frail Home Visiting
- Extended Hours/Enhanced Access
- Duty Doctor
- Mental Health
- Vulnerable Children
- Maternity
- End of Life

The GP Confederation delivers on these contracts by sub-contracting with its member practices and supporting practices to deliver the contract requirements. The GP Confederation also directly provides a Smoking Cessation service commissioned by the London Borough of Hackney and a Care Co-ordination service as a key local partner within the local integration programme.

Key achievements during the last 12 months of operation included:

- Further developing the organisation with full support and sign-up from all GP practices in City and Hackney;
- Further developing a culture across GP practices of working together collaboratively and supporting each other to achieve total population coverage across a large contract portfolio;
- Achieving major health gain in the management of Long Term Conditions, resulting in City and Hackney practices being amongst the most highly performing in the country;
- Maintaining a Salaried GP scheme which has contributed significantly to the building of additional GP capacity within City and Hackney;
- Establishing a fully funded Salaried Trainee Practice Nurse scheme to attract and train qualified nurses as Practice Nurses and to increase Primary Care Nursing capacity in City and Hackney;
- Being selected as a national pilot for the recruitment and development of Clinical Pharmacists in General Practice;
- Establishing a training and development programme for Advanced Health Care Assistants;
- Continuing to achieve significant improvements in the numbers of local people being supported to give up smoking – since the service was established, the smoking cessation service has now achieved 1,446 quitters as at 7 December 2016;
- Continuing to support a Care Co-ordination function as a key element of the health and social care integration programme of work across City and Hackney;
- Continuing to contribute to the development of a Community Education Provider Network in City and Hackney, and successfully securing funding to support the training and development of primary care staff;

Strategic report

For the year ended 30 September 2016

- Supporting GP practices to offer 13,253 additional GP appointments in extended hours for the 12 month period 1 October 2015 to 30 September 2016 (making a total of 21,720 additional GP appointments offered in extended hours since the service started in January 2015).

The GP Confederation continues to be an ambitious and forward-thinking organisation, and work over the coming year will continue to focus on improving and developing primary care services and ensuring that primary care is able to play an active and significant part in the development of new service models and approaches to care.

Principal risks and uncertainties

The GP Confederation has a comprehensive and systematic risk management process in place, which culminates in Risk Registers being presented to the Audit Committee on a quarterly basis for thorough review and scrutiny. Risks are then reported to the Board by exception so that any necessary remedial action can be agreed. The register includes an assessment of the risk, its likelihood and impact, the controls in place, any gaps in control, proposed actions to mitigate the risk, and updates on progress against the latter reported each quarter.

The risk profile has not changed significantly since last year although many of the risks have reduced following management intervention. As at 30 September 2016, the main risk remains ensuring continued access to the NHS Pension Scheme and the difficulties associated with processing staff records and contributions. This risk is actively managed and is overseen by the Audit Committee.

Financial review

In the 12 months ending 30 September 2016, the GP Confederation recorded a surplus of £64k, (0.5% of turnover). This was better than planned primarily due to managing costs below income and ensuring that all new contracts made a positive contribution to the bottom line. This small surplus will be carried forward as part of the retained earnings as a reserve to mitigate against future risks and unforeseen costs. Monthly finance reports to the Board included detailed analyses of budget variances, profit and loss by contract/project, and detailed cash-flow statements and forecasts.

Total income for the 12 months was £11.2m, including £8.2m of 'pass-through' income in relation to member practices delivering the contracts commissioned by the CCG and Local Authority. This exceeded the planned income for the year as it included agreed funding from the One Hackney Performance Fund, monies due from CEPN (Community Education Provider Network), and income from new contracts which generated positive contributions to the GP Confederation's bottom line.

Total expenditure was £11.1m which included £8.2m in relation to payments to practices for contracts commissioned by the CCG and Local Authority.

Strategic report

For the year ended 30 September 2016

Total reserves at the year-end stand at £323.3k (i.e. the accumulated surplus). As agreed at the 2016 AGM, this reserve was used to invest in a new website and extranet, the latter to make the sharing of information with member practices easier, and a new finance system to improve financial reporting and accounting. The remaining balance will be protected and carried forward to mitigate against unknown costs or unforeseen circumstances.

The balance sheet remains healthy, with net assets of £323.3k including a strong cash balance of £2.4m to meet future liabilities.

A balanced budget for 2016/17 has been set, following the implementation of a staffing restructure from 1 April 2016 and by replacing the original Salaried GP Scheme with a new, fully funded scheme. The GP Confederation will be developing a 3–5 year Business Strategy and supporting financial plan, but in addition to the balanced 2016/17 Budget, a detailed cash-flow forecast running to March 2018 shows that the organisation is financially viable and solvent. The GP Confederation continues to try to diversify its income base so that it is less dependent on one or two main commissioners and plans to broaden this further by winning new contracts in the months ahead.

A key challenge and success from 2014/15 was the work undertaken to gain access to the NHS Pension scheme; an important benefit for both the Confederation's directly employed staff and its member practices in terms of the treatment of subcontracted income. The latter was secured with a rule change governed by a new Statutory Instrument that came into effect on 1 April 2016. These important changes were worked on with the Department of Health, NHS England and the NHS Pensions Agency and should benefit all other GP Confederations across the country. The directors recognise the importance of continued access to the NHS Pension Scheme and keeping employee records up to date and therefore continues to work closely with NHS England the Pensions team in the NHS Business Services Authority to ensure this. Some residual difficulties associated with processing certain staff records and contributions are being worked on and the GP Confederation's access to the Scheme is also dependent on having the correct form of contracts in place in the future. As a result, this issue remains the principal risk on the organisation's Risk Register.

Approved by the directors on 24 March 2017 and signed on their behalf by

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

Independent auditors' report

To the members of

City & Hackney GP Confederation C.I.C.

We have audited the financial statements of City & Hackney GP Confederation CIC for the year ended 30 September 2016 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out in the report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' annual report and the strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its results for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

Independent auditors' report

To the members of

City & Hackney GP Confederation C.I.C.

- Have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- The information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements
- The information given in the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us
- The financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

Helen Elliott (Senior statutory auditor)

DATE

for and on behalf of Sayer Vincent LLP, Statutory Auditors
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

City & Hackney GP Confederation C.I.C.

Statement of comprehensive income

For the year ended 30 September 2016

	Note	12 months ended 30 September 2016 Total £	15 months ended 30 September 2015 Total £
Income			
Turnover	2	11,082,127	5,053,612
Expenditure			
Direct payments to GP Practices		8,071,534	2,395,487
Staff costs		2,504,021	2,090,448
Education and training		27,483	44,750
Office and property costs		64,642	127,856
Legal, professional and consultancy fees		192,683	98,308
One Hackney Performance Fund expenditure		117,876	-
Other		44,844	31,255
Total expenditure		11,023,081	4,788,104
Surplus on ordinary activities before taxation		59,046	265,508
Taxation credit/(charge)	5	4,828	(6,124)
Surplus for the financial year after taxation		63,874	259,384
Accumulated surplus at the start of the year		259,384	-
Accumulated surplus at the end of the year		323,258	259,384

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than the profit or loss for the year. Movements in funds are disclosed in note 10 to the financial statements.

For the year ended 30 September 2016

	Note	2016 £	£	2015 £	£
Current assets					
Debtors	6	1,018,330		1,224,941	
Cash at bank and in hand		<u>2,390,913</u>		<u>55,457</u>	
		3,409,243		1,280,398	
Creditors: amounts falling due within one year	7	<u>3,085,984</u>		<u>1,021,013</u>	
Net current assets			<u>323,259</u>		<u>259,385</u>
Net assets			<u>323,259</u>		<u>259,385</u>
Capital and reserves					
Share capital	9		1		1
Retained surpluses			<u>323,258</u>		<u>259,384</u>
Total funds	10		<u>323,259</u>		<u>259,385</u>

The financial statements were approved by the Board of Directors on 24 March 2017 and signed on their behalf:

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

City & Hackney GP Confederation C.I.C.

Statement of cash flows

For the year ended 30 September 2016

Note	12 months ended 30 September 2016 Total £	15 months ended 30 September 2015 Total £
Cash flows from operating activities:		
Surplus for the year	63,874	259,384
Adjustments for:		
Interest received	(2,077)	-
Taxation	(10,952)	6,124
Decrease/(increase) in debtors	211,439	(1,224,941)
Increase in creditors	2,071,095	1,014,889
Cash from operations	2,333,379	55,456
Net cash generated from operating activities	2,333,379	55,456
Cash flows from investing activities:		
Interest received	2,077	-
Net cash from investing activities	2,077	-
Cash flows from financing activities:		
Issue of ordinary share capital	-	1
Net cash used in financing activities	-	1
Net increase in cash and cash equivalents	2,335,456	55,457
Cash and cash equivalents at beginning of year	55,457	-
Cash and cash equivalents at end of year	2,390,913	55,457

1. Accounting policies

a) Statutory information

City & Hackney GP Confederation CIC is a company limited by share capital and is incorporated in England & Wales. The registered office address is 85 Nuttall Street, London, N1 5HZ.

b) Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

c) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the directors have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was required. The transition date was 1 October 2014. No restatements were required.

d) Going concern

The directors consider that there are no material uncertainties about the Confederation's ability to continue as a going concern.

e) Income

Turnover represents net invoiced sales of goods, exclusive of VAT.

Income is recognised when services have been delivered to customers.

Grants are recognised in full in the income and expenditure account in the year in which they are receivable.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable.

Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to the company for its own use, it is treated in a similar way to a restricted grant.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the company's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the company can meet such conditions the incoming resource is deferred.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the company; this is normally upon notification of the interest paid or payable by the bank.

g) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

h) Property, plant and equipment

Items of equipment are capitalised where the purchase price exceeds £2,000. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment, other than freehold land, over their expected useful lives, using the straight line method.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1. Accounting policies (continued)

j) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

k) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

l) Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

m) Deferred tax

Provision is made on the liability method for all taxation deferred in respect of timing differences to the extent that, in the opinion of the directors, a liability is likely to crystallise in the foreseeable future.

o) Pensions

Certain employees are members of the NHS Pension Scheme, a defined benefit scheme. The company makes contributions on behalf of employees who are members in accordance with the requirements of the scheme. Other than those contributions, there is no additional liability to City & Hackney GP Confederation in respect of the scheme. See details in note 12.

2. Turnover

Turnover is attributable to the principal activity of the company.

	12 months ended 30 September 2016 £	15 months ended 30 September 2015 £
Confederation membership fees	294,473	357,746
CCG funding for Primary Care contracts	7,965,608	2,395,487
CCG – funding	451,131	1,062,353
One Hackney	691,515	311,612
Smoking Cessation	211,542	211,542
Salaried GP reimbursement	381,103	521,908
Salaried Practice Nursing Scheme	438,500	–
HEENCEL/CEPN Schemes	267,959	74,000
Demand Management contract	22,381	–
Cytology Project	20,000	–
NHS Health Checks contract	96,750	–
Childhood Immunisation project	42,886	–
Substance Misuse contract	60,417	–
Practice support – recharges to practices	30,118	–
Bank interest	2,077	–
Other contractual/Miscellaneous	105,666	118,964
	<u>11,082,127</u>	<u>5,053,612</u>

Notes to the financial statements

For the year ended 30 September 2016

3. Surplus on ordinary activities before taxation

This is stated after charging / (crediting):

	2016 £	2015 £
Directors' remuneration	267,693	230,713
Directors' reimbursed expenses	22	183
Auditors' remuneration (excluding VAT):		
Audit	8,000	8,500
Other services	800	1,250
Operating lease rentals:		
Property	17,660	<u>23,851</u>

4. Directors' and employees' costs and emoluments

Emoluments cover salaries and employer pension contributions and are paid to directors of the company. This is shown in Note 3 as Directors' remuneration.

Staff costs (including directors) during the year were as follows:

	2016 £	2015 £
Wages and salaries	1,611,972	1,198,865
Social security costs	155,881	111,381
Pension costs	169,678	126,850
Other staff costs	566,491	653,352
	<u>2,504,021</u>	<u>2,090,448</u>

The average number of employees (including directors) during the year was as follows:

	2016 Full time equivalent	2015 Full time equivalent	2016 Number	2015 Number
Trainee Nurses	11.11	–	11.33	–
Salaried GPs	8.35	6.21	10.46	7.69
Mental Health workers	0.79	–	0.92	–
Board members	2.25	2.07	11.50	9.08
One Hackney & City staff	8.03	6.23	8.92	6.62
Smoking Cessation team	4.02	3.00	4.17	3.15
Admin/Management	5.39	4.95	6.27	5.23
	<u>39.94</u>	<u>22.46</u>	<u>53.56</u>	<u>31.77</u>

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £299,397 (2015: £230,713).

5. Taxation	2016 £	2015 £
UK corporation tax (credit)/charge at 20% for the period	<u>(4,828)</u>	<u>6,124</u>
	<u><u>(4,828)</u></u>	<u><u>6,124</u></u>
6. Debtors	2016 £	2015 £
Trade debtors	749,960	278,959
Accrued income	231,000	939,986
Prepayments	32,542	5,996
Corporation tax credit	4,828	-
	<u>1,018,330</u>	<u>1,224,941</u>
	<u><u>1,018,330</u></u>	<u><u>1,224,941</u></u>
7. Creditors: amounts falling due within one year	2016 £	2015 £
Trade creditors	7,422	11,480
Accruals	1,032,107	256,936
Deferred income (note 8)	1,601,503	463,963
Tax and Social Security	42,415	51,287
Pension contributions	402,537	237,347
	<u>3,085,984</u>	<u>1,021,013</u>
	<u><u>3,085,984</u></u>	<u><u>1,021,013</u></u>

Notes to the financial statements

For the year ended 30 September 2016

8. Deferred income

Income has been deferred where it has been received to meet future commitments or for contracts that specify that any under-spend must be returned or that the contract period may be extended to allow time for the under-spend to be utilised.

	2016 £	2015 £
Balance at the beginning of the year	463,963	-
Amount deferred in the year		
One Hackney Performance Fund, less incurred expenditure	438,684	295,446
Mental Health Alliance	287,000	47,850
HENCEL	389,759	25,000
CCG funding for primary care (Pass Through)	-	95,667
Demand Management Contract	600,000	-
Salaried Practice Nursing Scheme	420,000	-
CMC (coordinate My Care) Contract	21,275	-
Clinical Pharmacy	2,500	-
Confederation Conference fees	2,592	-
Amount released to income in the year		
One Hackney Performance Fund, less incurred expenditure	(341,822)	-
Mental Health Alliance	(93,431)	-
HENCEL	(206,959)	-
CCG funding for primary care (Pass Through)	(95,667)	-
Demand Management Contract	(22,381)	-
Salaried Practice Nursing Scheme	(257,922)	-
CMC (coordinate My Care) Contract	(6,088)	-
Balance at the end of the year	<u>1,601,503</u>	<u>463,963</u>

9. Share capital

The company's share capital at the year end was:

	2016 No.	2015 No.
£0.01 ordinary shares: Called up, allotted and fully paid	<u>39</u>	<u>43</u>

10. Reconciliation of movements on shareholders' funds

	2016 £	2015 £
Shareholders' funds at the start of the year	259,385	-
surplus for the year	63,874	259,384
Other recognised gains and losses	-	-
New share capital subscribed	-	1
Shareholders' funds at the end of the year	<u>323,259</u>	<u>259,385</u>

11. Related party transactions

Payments were made to GP practices for their delivery of the CCG primary care contracts and for being Smoking Cessation Hubs. Payments for property rental and support to the Smoking Cessation service were also made to the Lawson Practice. These practices employ Confederation members and directors.

No other payments were made to members or directors other than for salary payments to directors for their employment with the Confederation (see Directors Emoluments, Note 3/4), or as contractors before the company was established.

12. Pensions

City & Hackney GP Confederation CIC has been granted access to the NHS pension scheme, subject to the Statutory Instrument that came into effect on 01 April 2016 allowing GP practices to pension sub-contracted income, and subject to it holding appropriate contracts and having the necessary shareholding structure.

The NHS Pension Scheme is an unfunded, defined benefit, final salary scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. Contributions for employees and employers are paid to the Exchequer which in turn meets the cost of paying benefits as and when they fall due. In order to assess an appropriate contribution cost historically there has been an associated notional fund of assets deemed to be invested in UK Government stocks. As a consequence it is not possible for City & Hackney GP Confederation to identify its share of the underlying scheme. City & Hackney GP Confederation has no liability in respect of the scheme except in relation to the ongoing employers contribution rate which is currently 14.3%.

The most recently published full actuarial valuation report was based on data at 31 March 2012, and published in 2014. (Prior to this, the last published valuation was as at March 2004).

The employer's contribution rate payable is 14.3% (2015 14.3%) of pensionable pay with employees contributing between 5.6 and 14.5% of pensionable pay depending on their role/level of pay. The employer's contribution rate increased to 14.3% with effect from 1 April 2015 as a result of the notional deficit at March 2012 (see below).

There are 1.3 million contributors to the scheme, 700,000 pensions in payment and 519,000 deferred pensioners. Notional liabilities of the Scheme at 31 March 2012 were £240.4bn with notional assets of £230.3bn giving a notional past service deficit of £10.1bn.

Employers' pension contribution costs are applied to resources expended as and when they become due. On advice from the Actuary the contribution may be varied from time to time to reflect changes in the Scheme's liabilities. In 2016 employers paid 14.3% (2015 – 14.3%). The total employer contribution payable in the 12 month accounting period ending 30 September 2016 by City & Hackney GP Confederation was £169,678. Employees pay contributions of between 5.6% and 14.5% of their pensionable pay. The outstanding amount due to HMRC for employer's and employee's contributions at 30 September 2016 was £403,001.

The scheme is a "final salary" scheme. Following consultation in 2006, a number of changes to the NHS Pension Scheme were introduced. On 1 April 2008 a new "2008 Section" of the Scheme was set up for new joiners on or after 1 April 2008. Joiners prior to this date are in the "1995 Section". For 1995 Section members, annual pensions are based on 1/80th of the best of the last three years' pensionable pay for each year of service. For members of the 2008 section, pensions are based on 1/60th of the average of the best three consecutive years in the last ten. A lump sum normally equivalent to three years' pension is payable on retirement; for members of the 2008 section the lump sum will be a maximum of 25% of the value of their fund at retirement. Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and have historically been based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011/12, the Consumer Price Index replaced the Retail Price Index. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

12. Pensions (continued)

Early payment of a pension, with enhancement in some circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension (subject to certain conditions) for death 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 City & Hackney GP Confederation can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

A key challenge and success during 2014/15 was the work undertaken to gain access to the NHS Pension scheme, an important benefit for both the Confederation's directly employed staff and for the Confederation's member practices in terms of the treatment of subcontracted income. There are some residual issues around the processing of pension contributions and pension records which are being discussed with the NHS Business Services Authority, but in terms of sub-contracted income, a rule change governed by a Statutory Instrument came into effect on 01 April 2016 to allow this to be possible. These important changes were worked on with the Department of Health, NHS England and the NHS Pensions Agency and should benefit all other GP Confederations across the country.

13. Operating lease commitments

The Confederation had future commitments at the year end under operating leases expiring as follows:

	Property 2016 £	2015 £
Less than one year	4,415	4,415
	<u>4,415</u>	<u>4,415</u>