

Company number: 09125623

City & Hackney GP Confederation C.I.C.

Report and financial statements
For the year ended 30 September 2017

City & Hackney GP Confederation C.I.C.

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City & Hackney GP Confederation C.I.C.

Reference and administrative details

For the year ended 30 September 2017

Company number 09125623 – incorporated in the United Kingdom

**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
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
Laura Sharpe (Chief Executive Officer)
Dr Sarah Williams

Bankers Lloyds Bank
SME Client Relationship Team
4th Floor
125 London Wall
London
EC2Y 5AS

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

City & Hackney GP Confederation C.I.C.

Reference and administrative details

For the year ended 30 September 2017

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
London
EC1Y 0TL

Directors' report

For the year ended 30 September 2017

The directors present their report and the audited financial statements for the year ended 30 September 2017.

City & Hackney GP Confederation CIC

City & Hackney GP Confederation ("the 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 316,642 (as at 1 October 2017). 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.

In October 2017, following a procurement exercise led by NHS England, the ownership of three practices changed, one of which resulted in two former practices essentially becoming one practice over two sites. The total number of practices in City and Hackney will therefore reduce to 42 but there will be no corresponding decrease in patient list size or income to the Confederation as a result.

The purpose of the 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. (There are actually five individuals covering these four roles, as one quadrant GP position is covered by two GPs operating a job share). Other members of the Board include an elected Practice Manager and Practice Nurse, two Lay Members, and an appointed Chief Executive Officer and a Director of Finance & Information. All the Board members, except the two Lay Members, are directors of the Company, i.e. there are 10 directors in total.

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, a Care Co-ordination service, (up to 31 March 2017), as a key local partner within the local integration programme, and a Childhood Immunisation Service commissioned by City & Hackney Clinical Commissioning Group.

Directors' report

For the year ended 30 September 2017

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

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 Childhood Immunisations, development of Extended Access hubs, and an Anticoagulation service;
- 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, training and development of Health Care Assistants and a new Trainee Practice Manager Scheme. We also plan to establish and develop a range of training and development programmes to support the development of other primary care staff, including reception and administrative staff.
- Supporting GP practices to work at scale across neighbourhood areas covering populations of between 30,000 to 50,000 to support the delivery of integrated care and services aligned around groups of GP practices;
- Continuing to develop the role of the GP Confederation as a local provider of out-of-hospital services as part of the shift of services from hospital into primary care;
- Continuing to make a proactive contribution to the delivery of local health and well-being strategies and the work of the City & Hackney Transformation Board through the Prevention work stream;
- Taking a lead role in the development and implementation of care pathways and the development of new models of care, including work on a new model of community nursing;
- Developing two Primary Care Hubs in North and South Hackney for the provision of extended hours appointments for patients registered with GP practices in City and Hackney;
- Supporting GP practices to make the best use of new technologies to improve their efficiency and effectiveness (e.g. eConsult).

Directors' report

For the year ended 30 September 2017

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

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 auditor is 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 auditor.

Sayer Vincent LLP was reappointed as the company's auditor during the year and has expressed its willingness to continue in that capacity.

City & Hackney GP Confederation C.I.C.

Directors' report

For the year ended 30 September 2017

Approved by the directors on 23 March 2018 and signed on their behalf by

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

Strategic report

For the year ended 30 September 2017

The directors have pleasure in presenting their strategic report for the year ended 30 September 2017.

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
- Early Years
- End of Life
- Phlebotomy
- Post-Operative Wound Care

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, (to 31 March 2017), as a key local partner within the local integration programme, and a Childhood Immunisation Service commissioned by City & Hackney Clinical Commissioning Group.

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;
- Recruiting successfully to a second cohort for a 12-month 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;
- Establishing a fully funded Salaried Trainee Practice Manager scheme to attract and train Practice Managers to develop this expertise in City and Hackney and prepare for succession planning;
- 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;

Strategic report

For the year ended 30 September 2017

- Continuing to achieve significant improvements in the numbers of local people being supported to give up smoking. For the period 1 October 2016–30 September 2017 the smoking cessation service achieved a total of 783 quitters against a target of 750 quitters. The service has delivered quitter rates above the contract target for each of the 3 years of the contract;
- 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;
- Supporting GP practices to offer 15,193 additional appointments with GPs, Practice Nurses and Health Care Assistants in extended hours for the 12-month period 1 October 2016 to 30 September 2017 (making a total of 36,913 additional 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 2017, the main risk remains ensuring continued access to the NHS Pension Scheme and the difficulties associated with processing staff records and contributions. The risk associated with a possible backdated VAT liability has been significantly mitigated and a provision is included in these accounts. These risks are actively managed and overseen by the Audit Committee.

Financial review

In the 12 months ending 30 September 2017, the GP Confederation recorded a surplus of £144,960 (2016: £63,874), (1.3% (2016: 0.6%) 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 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.

Strategic report

For the year ended 30 September 2017

Total income for the 12 months was £11.1m (2016: £11.1m), including £8.4m (2016: £8.1m) 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 £10.9m (2016: £11.0m) which included £8.4m (2016: £8.1m) in relation to payments to practices for contracts commissioned by the CCG and Local Authority.

Total reserves at the year-end stand at £468.2k (2016: £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 in 2015/16, 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 £468.2k (2016: £323.3k) including a strong cash balance of £2.8m (2016: £2.4m) to meet future liabilities.

A balanced budget for 2017/18 has been set, mainly due to the staffing restructure implemented last year and by replacing the original Salaried GP Scheme with a new, fully funded scheme. The GP Confederation is developing a 3-5 year Business Strategy and supporting financial plan, but in addition to the balanced 2017/18 Budget, a detailed cash-flow forecast running to December 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.

A key challenge and success in previous years 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 continue to work closely with NHS England and 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 one of the principal risks on the organisation's Risk Register.

City & Hackney GP Confederation C.I.C.

Strategic report

For the year ended 30 September 2017

Approved by the directors on 23 March 2018 and signed on their behalf by

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

Independent auditor's report

To the members of

City & Hackney GP Confederation C.I.C.

Opinion

We have audited the financial statements of City & Hackney GP Confederation C.I.C. (the 'company') for the year ended 30 September 2017 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its result for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report

To the members of

City & Hackney GP Confederation C.I.C.

Other information

The other information comprises the information included in the directors' annual report and the strategic report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the directors' annual report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The directors' annual report and the strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' annual report and the strategic report.

We have nothing to report in respect of the following matters in relation to which 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; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Independent auditor's report

To the members of

City & Hackney GP Confederation C.I.C.

Responsibilities of directors

As explained more fully in the statement of responsibilities of the directors, set out in the directors' annual report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

Independent auditor's report

To the members of

City & Hackney GP Confederation C.I.C.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helen Elliott (Senior statutory auditor)

1 June 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor
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 2017

	Note	2017 Total £	2016 Total £
Income			
Turnover	2	11,144,558	11,082,127
Expenditure			
Direct payments to GP Practices		8,423,584	8,071,534
Staff costs	4	2,171,741	2,504,021
Education and training		53,901	27,483
Office and property costs		147,161	64,642
Legal, professional and consultancy fees		81,422	192,683
One Hackney Performance Fund expenditure		42,304	117,876
Other		26,235	44,842
Total expenditure		10,946,348	11,023,081
Surplus on ordinary activities before taxation	3	198,210	59,046
Taxation (charge)/credit	5	(53,250)	4,828
Surplus for the financial year after taxation		144,960	63,874
Accumulated surplus at the start of the year		323,258	259,384
Accumulated surplus at the end of the year		468,218	323,258

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.

Statement of financial position

Company no. 09125623

For the year ended 30 September 2017

	Note	2017 £	£	2016 £	£
Current assets					
Debtors	6	1,556,866		1,018,330	
Cash at bank and in hand		2,792,077		2,390,913	
		<u>4,348,943</u>		<u>3,409,243</u>	
Creditors: amounts falling due within one year	7	<u>3,880,724</u>		<u>3,085,984</u>	
Net current assets			<u>468,219</u>		<u>323,259</u>
Net assets			<u>468,219</u>		<u>323,259</u>
Capital and reserves					
Share capital	9		1		1
Retained surpluses			468,218		323,258
Total funds	10		<u>468,219</u>		<u>323,259</u>

The financial statements were approved by the Board of Directors on 23 March 2018 and signed on their behalf:

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance and Information

City & Hackney GP Confederation C.I.C.

Statement of cash flows

For the year ended 30 September 2017

	Note	2017 Total £	2016 Total £
Cash flows from operating activities:			
Surplus for the year		144,960	63,874
Adjustments for:			
Interest received		(2,506)	(2,077)
Taxation		(53,250)	(10,952)
(Increase)/Decrease in debtors		(538,536)	211,439
Increase in creditors		847,990	2,071,095
Cash from operations		398,658	2,333,379
Net cash generated from operating activities		398,658	2,333,379
Cash flows from investing activities:			
Interest received		2,506	2,077
Net cash from investing activities		2,506	2,077
Net increase in cash and cash equivalents		401,164	2,335,456
Cash and cash equivalents at beginning of year		2,390,913	55,457
Cash and cash equivalents at end of year		2,792,077	2,390,913

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) Going concern

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

d) Income

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

Income is recognised when services have been delivered to customers.

e) 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.

f) Operating leases

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

g) 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.

h) 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.

i) 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.

j) Creditors

Short term trade creditors are measured at the transaction price.

k) 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.

l) 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.

Notes to the financial statements

For the year ended 30 September 2017

2 Turnover

Turnover is attributable to the principal activity of the company.

	2017 £	2016 £
Confederation membership fees	309,016	294,473
CCG funding for Primary Care contracts	7,840,613	7,965,608
CCG – funding	395,776	451,131
One Hackney	290,109	691,515
Single Point of Access(SPOC)	36,060	–
Smoking Cessation	211,542	211,542
Salaried GP reimbursement	257,249	381,103
Salaried Practice Nursing Scheme	594,367	438,500
Salaried Trainee Practice Manager Scheme	27,239	
HEENCEL/CEPN Schemes	204,408	267,959
Demand Management contract	300,730	22,381
Cytology Project	–	20,000
NHS Health Checks contract	215,525	96,750
Childhood Immunisation project	31,618	42,886
Substance Misuse contract	99,482	60,417
Practice support – recharges to practices	–	30,118
Bank interest	2,506	2,077
IT Enabler	134,471	–
Practice Population Based Family Nursing	47,173	–
GP Resilience / Practice support	21,750	–
Enhanced Access Project	30,583	–
Medical Assistants in Primary Care	32,765	–
Other contractual/Miscellaneous	61,576	105,666
	<u>11,144,558</u>	<u>11,082,127</u>

3 Surplus on ordinary activities before taxation

This is stated after charging / (crediting):

	2017 £	2016 £
Directors' remuneration	285,220	267,693
Directors' reimbursed expenses	827	22
Auditor's remuneration (excluding VAT):		
Audit	9,000	8,000
Other services	12,810	800
Operating lease rentals:		
Property	17,660	17,660
	<u>17,660</u>	<u>17,660</u>

Notes to the financial statements

For the year ended 30 September 2017

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:

	2017 £	2016 £
Wages and salaries	1,617,373	1,611,972
Social security costs	161,155	155,881
Pension costs	132,659	169,678
Other staff costs	260,555	566,491
	<u>2,171,742</u>	<u>2,504,022</u>

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

	Full time equivalent		Number	
	2017	2016	2017	2016
Trainee Nurses	13.75	11.11	14.58	11.33
Salaried GPs	3.11	8.35	5.25	10.46
Trainee Practice Managers	0.45	–	0.50	–
Mental Health workers	–	0.79	–	0.92
Board members	2.38	2.25	11.75	11.50
One Hackney & City staff	2.90	8.03	3.67	8.92
Smoking Cessation team	4.43	4.02	5.17	4.17
Childhood Imms Nurses	0.18	–	0.50	–
Admin/Management	9.88	5.39	12.25	6.27
	<u>37.08</u>	<u>39.94</u>	<u>53.67</u>	<u>53.57</u>

The total employee benefits (including employer's national insurance and employer's pension contributions) of the key management personnel were £435,291 (2016: £299,397).

5 Taxation

	2017 £	2016 £
(a) Analysis of charge in period:		
Current tax		
UK corporation tax on profits of the period	67,048	(4,828)
Total current tax	<u>67,048</u>	<u>(4,828)</u>
Deferred tax	(13,798)	–
Total corporation tax recognised in profit or loss	<u>53,250</u>	<u>(4,828)</u>

(b) Factors affecting tax charge for the period

Profit before tax	198,210	59,046
Profit multiplied by the standard rate of UK corporation tax 19% (2016 – 20%)	38,651	11,809
Effects of:		
Profits from mutual trading	(1,631)	(16,637)
Pension adjustment	(6,381)	–
Adjustments to charge in respect of previous periods	36,409	–
Taxation charge for the period	<u>67,048</u>	<u>(4,828)</u>

5 Taxation (continued)

Deferred taxation

	Pension creditor £	Total £
At 1 October 2016	-	-
Credited to the profit and loss account	(13,798)	(13,798)
At 30 September 2017	<u>(13,798)</u>	<u>(13,798)</u>

6 Debtors

	2017 £	2016 £
Trade debtors	542,357	749,960
Accrued income	976,375	231,000
Prepayments	24,336	32,542
Corporation tax credit	-	4,828
Deferred tax asset	13,798	-
	<u>1,556,866</u>	<u>1,018,330</u>

7 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	250	7,422
Accruals	226,581	1,032,107
Prepaid income	632,541	-
Deferred income (note 8)	2,663,118	1,601,503
Tax and Social Security	69,398	42,415
Corporation Tax	62,220	-
VAT	55,109	-
Pension contributions	171,507	402,537
	<u>3,880,724</u>	<u>3,085,984</u>

Notes to the financial statements

For the year ended 30 September 2017

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

	2017			2016		
	£	£	£	£	£	£
Balance at the beginning of the year			1,601,503			463,963
	Deferred	Released	Change	Deferred	Released	Change
One Hackney Performance Fund	-	(108,592)	(108,592)	438,684	(341,822)	96,862
Mental Health Alliance	175,010	(221,462)	(46,452)	287,000	(93,431)	193,569
Mental Health Dashboard Development	60,000	-	60,000	-	-	-
HENCEL	120,616	(239,525)	(118,909)	389,759	(206,959)	182,800
Practice Population based Family Nursing	392,328	(47,173)	345,155	-	-	-
Sal Trainee Practice Manager Scheme	318,329	(27,239)	291,090	-	-	-
CEPN infrastructure	20,000	-	20,000	-	-	-
Transformation projects	163,000	(4,707)	158,293	-	-	-
Medical assistants in primary care City & Hackney CEPN programme management	199,000	(32,765)	166,235	-	-	-
Childhood Immunisation	22,000	-	22,000	-	-	-
CCG funding for primary care (Pass Through)	57,494	(31,617)	25,877	-	-	-
Demand Management Contract	-	-	-	-	(95,667)	(95,667)
IT Enabler	45,018	(300,730)	(255,712)	600,000	(22,381)	577,619
Salaried Practice Nursing Scheme	164,399	(134,471)	29,928	-	-	-
Salaried GP Scheme	587,581	(586,945)	636	420,000	(257,922)	162,078
CMC (coordinate My Care) FHV	172,000	(62,270)	109,730	-	-	-
CMC (coordinate My Care) AUA	62,726	(1,174)	61,552	21,275	(6,088)	15,187
Clinical Pharmacy	138,520	-	138,520	-	-	-
Single Point of Coordination	-	(2,083)	(2,083)	2,500	-	2,500
GP Resilience/Practice support	62,750	(36,061)	26,689	-	-	-
GP Reception & Clerical Trainee	136,000	(21,750)	114,250	-	-	-
Confederation Conference fees	26,000	-	26,000	-	-	-
	-	(2,592)	(2,592)	2,592	-	2,592
Balance at the end of the year			2,663,118			1,601,503

9 Share capital

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

	2017 No.	2016 No.
£0.01 ordinary shares: Called up, allotted and fully paid	39	39

(Note: one of the criteria for the Confederation to have access to the NHS Pension Scheme, is that it does not have any Corporate Shareholders. The 4 practices managed by corporate bodies do not therefore hold shares, hence 39 shares allotted instead of the 43 member practices).

10 Reconciliation of movements on shareholders' funds

	2017 £	2016 £
Shareholders' funds at the start of the year	323,259	259,385
surplus for the year	144,960	63,874
Other recognised gains and losses	-	-
New share capital subscribed	-	-
Shareholders' funds at the end of the year	468,219	323,259

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 14.38%.

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 14.38% (2016 14.30%) 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 from 14.30% to 14.38% with effect from 1 April 2016 as a result of the national NHS Pensions Admin Levy.

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 2016/17 employers paid 14.38% (2015/16 – 14.3%). The increase of 0.08% was to cover the new NHS Pensions administration levy. The total employer contribution payable in the 12 month accounting period ending 30 September 2017 by City & Hackney GP Confederation was £132,659. 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 2017 was £171,507.

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 in previous years 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 remain 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 2017 £	2016 £
Less than one year: office rental, 3 month's notice	4,415	4,415
Over 5 years	-	-
	<u>4,415</u>	<u>4,415</u>