

Company number: 9125623

City & Hackney GP Confederation CIC

Report and financial statements

For the 15 month period ended 30 September 2015

City & Hackney GP Confederation CIC

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City & Hackney GP Confederation CIC

Reference and administrative details

For the 15 month period ended 30 September 2015

Company number 9125623

**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
Russell Barnes–Heath (Director of Finance & Information)
Dr Nick Brewer
Dr Deborah Colvin (Chair)
Dr Stephanie Coughlin
Deborah James (left 31 January 2015)
Dr David Keene
Dr Ravleen Sabharwal
Laura Sharpe (Chief Executive)
Dr Suresh Tibrewal (left 31 December 2014)
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

City & Hackney GP Confederation CIC

Directors' report

For the 15 month period ended 30 September 2015

The Directors present their report and the audited financial statements for the first accounting period of 15 months ended 30 September 2015.

City & Hackney GP Confederation CIC

City & Hackney GP Confederation CIC 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 299,800 (as at 1 October 2015). The company is a not-for-profit organisation in which each of the GP practices in City and Hackney are equal shareholders. Each of the practices pays an annual membership fee to the Confederation to reflect the services provided to their practice.

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 15 months, the GP Confederation has been 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
- Duty Doctor
- Mental Health
- Vulnerable Children
- Maternity
- End of Life

The Confederation delivers on these contracts by sub-contracting with its member practices and supporting practices to deliver the contract requirements. The 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.

Directors' report

For the 15 month period ended 30 September 2015

Key achievements during the first 15 months of operation include:

- Establishing and developing a new organisation with full support and sign-up from all GP practices in City and Hackney;
- 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;
- Establishing a Salaried GP scheme which has contributed significantly to the building of additional GP capacity within City and Hackney;
- Achieving significant improvements in the numbers of local people being supported to give up smoking – the smoking cessation service has achieved over 700 quitters within the first 12 months of this service being established;
- Establishing and developing a Care Co-ordination function as a key element of the health and social care integration programme of work across City and Hackney;
- Contributing 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 8,467 additional GP appointments in extended hours for the 9 month period 1 January 2015 to 30 September 2015.

Financial overview

In the 15 months ending 30 September 2015, the Confederation recorded a surplus of £259,384. This was primarily due to non-recurrent slippage on certain budgeted costs while the organisation was being established. This small surplus will be carried forward as a reserve to mitigate against future risks and unforeseen costs.

The Confederation is a not-for-profit organisation, so it will never build up substantial reserves. Its business model requires only a certain amount to be held in reserves to cover working capital requirements.

A balanced budget for 2015/16 has been set, assuming a planned staffing restructure is implemented from 1 April 2016. The Confederation is developing a 3-5 year Business Strategy and supporting financial plan, and has set a balanced forecast budget for 2016/17 it has a detailed cash-flow forecast running to September 2017 which shows that it is financially viable and solvent. In addition, it has diversified the 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 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. At the time of writing, a rule change governed by a new Statutory Instrument has been approved. These

Directors' report

For the 15 month period ended 30 September 2015

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.

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:

- Work on integration of care with other providers through the Hackney Health and Social Care Devolution pilot;
- Developing new models of care, including work on a new model of community nursing;
- Establishing and developing a Salaried Trainee Practice Nurse Scheme;
- Developing and broadening the Confederation's contract portfolio – the Confederation has recently been awarded new contracts in relation to phlebotomy, substance misuse, childhood immunisations, and NHS health checks;
- Developing alliances with other providers;
- Progressing work on economies of scale and back office functions to support local practices;
- Developing capacity and capability within the primary care workforce, including the further development of the Salaried GP scheme.

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 the profit or loss of City & Hackney GP Confederation CIC 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 and statements of recommended practice 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 CIC

Directors' report

For the 15 month period ended 30 September 2015

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 the financial position of City & Hackney GP Confederation CIC 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 appointed as the company's auditors during the year and have expressed their willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 18 March 2016 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 CIC

We have audited the financial statements of City & Hackney GP Confederation for the period ended 30 September 2015 which comprise the income and expenditure account, balance sheet 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 report of the directors 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 2015 and of its results 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

Independent auditors' report

To the members of

City & Hackney GP Confederation CIC

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

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
- The directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the report of the directors' and take advantage of the small companies' exemption from the requirement to prepare a strategic report

Catherine L Sayer (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 CIC

Income and expenditure account

For the period ended 30 September 2015

	Note	2015 Total £
Income		
Turnover	2	<u>5,053,612</u>
Expenditure		
Direct payments to GP Practices		2,395,487
Staff costs		2,090,448
Education and training		44,750
Office and property costs		127,856
Legal and professional fees		98,308
Other		<u>31,255</u>
Total expenditure		<u>4,788,104</u>
Profit on ordinary activities before taxation		265,508
Taxation	5	<u>(6,124)</u>
Profit for the financial year after taxation		259,384
Accumulated profit at the start of the year		<u>-</u>
Accumulated profit at the end of the year		<u><u>259,384</u></u>

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.

City & Hackney GP Confederation CIC

Balance sheet

Company no. 9125623

30 September 2015

	Note	2015 £	2015 £
Current assets			
Debtors	6	1,224,941	
Cash at bank and in hand		<u>55,457</u>	
		1,280,398	
Creditors: amounts falling due within one year	7	<u>1,021,013</u>	
Net current assets			<u>259,385</u>
Net assets			<u><u>259,385</u></u>
Capital and reserves			
Share capital	9		1
Profit and loss account			<u>259,384</u>
Total funds	10		<u><u>259,385</u></u>

These accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 18 March 2016 and signed on their behalf by

Laura Sharpe
CEO

Russell Barnes-Heath
Director of Finance & Information

City & Hackney GP Confederation CIC

Notes to the financial statements

For the period ended 30 September 2015

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006.
- b) Turnover represents net invoiced sales of goods and services, exclusive of VAT.
- c) 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.
- d) 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.
- e) Items of equipment are capitalised where the purchase price exceeds £2,000 per item. Depreciation is calculated on a straight line basis over the useful life of the asset. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.
- f) 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.
- g) 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.

	2015
	£
Confederation membership fees	357,746
CCG funding for Primary Care contracts	2,395,487
CCG – funding	1,062,353
One Hackney	311,612
Smoking Cessation	211,542
Salaried GP reimbursement	521,908
Other contractual	192,964
	<hr/> <hr/> 5,053,612

City & Hackney GP Confederation CIC

Notes to the financial statements

For the period ended 30 September 2015

3. Operating profit / (loss)

This is stated after charging / crediting:

	2015 £
Depreciation	-
Directors' remuneration	217,644
Directors' reimbursed expenses	183
Auditors' remuneration:	
● Audit	8,500
● Other services	1,250
Operating lease rentals:	
● Property	23,851
● Other	-
	<u> </u> <u> </u>

4. Directors' 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.

5. Taxation

	2015 £
UK corporation tax at 20% on the taxable profits for the period	<u>6,124</u>
	<u>6,124</u>

6. Debtors

	2015 £
Trade debtors	278,959
Accrued income	939,986
Prepayments	5,996
	<u> </u> <u>1,224,941</u>

City & Hackney GP Confederation CIC

Notes to the financial statements

For the period ended 30 September 2015

7. Creditors: amounts falling due within one year

	2015 £
Trade creditors	11,480
Accruals	256,936
Deferred income (note 8)	463,963
PAYE/NI	45,163
Pension contributions	237,347
Corporation tax	6,124
	<u>1,021,013</u>

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.

	2015 £
Amount deferred in the year	
One Hackney Performance Fund, less incurred expenditure	295,446
Mental Health Alliance	47,850
HENCEL	25,000
CCG funding for primary care	<u>95,667</u>
Balance at the end of the year	<u>463,963</u>

9. Share capital

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

	2015 No.
£0.01 ordinary shares:	
Authorised	43
Issued and fully paid	<u>43</u>

10. Reconciliation of movements on shareholders' funds

	2015 £
Shareholders' funds at the start of the year	-
Profit for the year	259,384
Other recognised gains and losses	-
New share capital subscribed	<u>1</u>
Shareholders' funds at the end of the year	<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 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 implementation of a new Statutory Instrument and appropriate contracts.

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 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% (2014 14%) of pensionable pay with employees contributing between 5 and 14.5% of pensionable pay depending on their role/level of pay. The employer's contribution rate has 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 2015 employers paid 14.3% (2014 – 14%). The total employer contribution payable in the 15 month accounting period ending 30 September 2015 by City & Hackney GP Confederation was £123,890. Employees pay contributions of between 5.0% and 14.5% of their pensionable pay. The outstanding amount due to HMRC for employer's and employee's contributions at 30 September 2015 was £237,346.

12. Pensions (continued)

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.

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. At the time of writing, a rule change governed by a new Statutory Instrument has been approved. 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 annual commitments at the year end under operating leases expiring as follows:

	Property 2015 £
Two to five years	<u>17,660</u>
	<u><u>17,660</u></u>