

Meeting: Governing Body

Meeting Date	23 May 2018	Action	Approve
Item No.	7a	Confidential	No
Title	2017/18 Annual Accounts and Letter of Representation		
Presented By	Mike Woodhead, Acting Chief Finance Officer		
Author	Various		
Clinical Lead	-		

Executive Summary

The National Health Service Act 2006 (as amended) requires Clinical Commissioning Groups to prepare their Annual Accounts in accordance with Directions issued by NHS England.

The Annual Accounts will be submitted through the governance arrangements as follows:

- Audit Committee review for recommendation to the Governing Body – 21st May 2018
- Governing Body for approval – 23rd May 2018
- Submitted with all relevant signatures – 29th May 2018

Given the time between the Audit Committee and Governing Body any amendments or recommendations made by the Audit Committee will need to be provided by verbal update to the Governing Body meeting.

Recommendations

It is recommended that the Governing Body:

- Approve the Annual Accounts

Links to CCG Strategic Objectives

To empower patients so that they want to, and do, take responsibility for their own healthcare. This includes prevention, self-care and navigation of the system.	<input type="checkbox"/>
To deliver system wide transformation in priority areas through innovation	<input type="checkbox"/>
To develop Primary Care to become excellent and high performing commissioners	<input type="checkbox"/>
To work with the Local Authority to establish a single commissioning organisation	<input type="checkbox"/>
To maintain and further develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning.	<input type="checkbox"/>

To deliver long term financial sustainability in partnership with all stakeholders through innovative investment which will benefit the whole Bury economy.	<input type="checkbox"/>
To develop the Locality Care Organisation to a level of maturity such that it can consistently deliver high quality services in line with Commissioner's intentions.	<input type="checkbox"/>
Supports NHS Bury CCG Governance arrangements	<input checked="" type="checkbox"/>
Does this report seek to address any of the risks included on the Governing Body Assurance Framework? If yes, state which risk below:	No
GBAF – n/a	

Implications						
Are there any quality, safeguarding or patient experience implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any conflicts of interest arising from the proposal or decision being requested?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any financial Implications?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Has an Equality, Privacy or Quality Impact Assessment been completed?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Is an Equality, Privacy or Quality Impact Assessment required?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Are there any associated risks?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
Are the risks on the CCG's risk register?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
Failure to prepare an annual report in accordance with mandated requirements and timeframes.						

Governance and Reporting		
Meeting	Date	Outcome
Audit Committee	21/05/2018	Any feedback from the Audit Committee to be provided at the Governing Body meeting

Data entered below will be used throughout the workbook:

Entity name:	Bury CCG
This year	2017-18
Last year	2016-17
This year ended	31-March-2018
Last year ended	31-March-2017
This year commencing:	01-April-2017
Last year commencing:	01-April-2016

FOREWORD TO THE ACCOUNTS

NHS Bury CCG

The clinical commissioning group was licenced from 1 April 2013 under provisions enacted in the Health & Social Care Act 2012, which amended the National Health Service Act 2006

These accounts for the year ended 31 March 2018 have been prepared by Bury Clinical Commissioning Group under section 17 of schedule 1A of the National Health Service Act 2006 (as amended) in the form which the Secretary of State has, with the approval of the Treasury, directed.

The National Health Service Act 2006 (as amended) requires Clinical Commissioning Groups to prepare their Annual Report and Annual Accounts in accordance with Directions issued by NHS England.

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**Statement of Comprehensive Net Expenditure for the year ended
31 March 2018**

	Note	2017-18 £'000	2016-17 £'000
Income from sale of goods and services	2	(710)	(351)
Other operating income	2	(3,872)	(3,238)
Total operating income		(4,582)	(3,589)
Staff costs	4	4,364	4,332
Purchase of goods and services	5	291,190	276,418
Depreciation and impairment charges	5	0	0
Provision expense	5	(109)	(12)
Other Operating Expenditure	5	108	122
Total operating expenditure		295,554	280,860
Net Operating Expenditure		290,972	277,271
Finance income			
Finance expense	10	0	0
Net expenditure for the year		290,972	277,271
Net Gain/(Loss) on Transfer by Absorption		0	0
Total Net Expenditure for the year		290,972	277,271
Comprehensive Expenditure for the year ended 31 March 2018		290,972	277,271

**Statement of Financial Position as at
31 March 2018**

	2017-18	2016-17
Note	£'000	£'000
Non-current assets	<u>0</u>	<u>0</u>
Current assets:		
Trade and other receivables	2,409	1,510
Cash and cash equivalents	128	76
Total current assets	<u>2,537</u>	<u>1,586</u>
Total assets	<u>2,537</u>	<u>1,586</u>
Current liabilities		
Trade and other payables	(20,466)	(18,211)
Provisions	0	(109)
Total current liabilities	<u>(20,466)</u>	<u>(18,320)</u>
Non-Current Assets plus/less Net Current Assets/Liabilities	<u>(17,929)</u>	<u>(16,734)</u>
Total non-current liabilities	<u>0</u>	<u>0</u>
Assets less Liabilities	<u>(17,929)</u>	<u>(16,734)</u>
Financed by Taxpayers' Equity		
General fund	(17,929)	(16,734)
Total taxpayers' equity:	<u>(17,929)</u>	<u>(16,734)</u>

The notes on pages x to xx form part of this statement

The financial statements on pages [] to [] were approved by the Governing Body on [date] and signed on its behalf by:

Chief Accountable Officer
xxxxxxxxxxxxxxxxxxxxxx

**Statement of Changes In Taxpayers Equity for the year ended
31 March 2018**

	General fund £'000	Revaluation reserve £'000	Other reserves £'000	Total reserves £'000
Changes in taxpayers' equity for 2017-18				
Balance at 01 April 2017	(16,734)	0	0	(16,734)
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	0	0	0
Adjusted NHS Clinical Commissioning Group balance at 31 March 2018	<u>(16,734)</u>	<u>0</u>	<u>0</u>	<u>(16,734)</u>
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2017-18				
Net operating expenditure for the financial year	(290,972)			(290,972)
Net funding	289,778	0	0	289,778
Balance at 31 March 2018	<u>(17,929)</u>	<u>0</u>	<u>0</u>	<u>(17,929)</u>

	General fund £'000	Revaluation reserve £'000	Other reserves £'000	Total reserves £'000
Changes in taxpayers' equity for 2016-17				
Balance at 01 April 2016	(10,987)	0	0	(10,987)
Transfer of assets and liabilities from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0	0
Adjusted NHS Clinical Commissioning Group balance at 31 March 2017	<u>(10,987)</u>	<u>0</u>	<u>0</u>	<u>(10,987)</u>
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2016-17				
Net operating costs for the financial year	(277,271)			(277,271)
Net funding	271,523	0	0	271,523
Balance at 31 March 2017	<u>(16,734)</u>	<u>0</u>	<u>0</u>	<u>(16,734)</u>

The notes on pages x to xx form part of this statement

Bury CCG - Annual Accounts 2017-18**Statement of Cash Flows for the year ended
31 March 2018**

	Note	2017-18 £'000	2016-17 £'000
Cash Flows from Operating Activities			
Net operating expenditure for the financial year		(290,972)	(277,271)
(Increase)/decrease in trade & other receivables	17	(900)	690
Increase/(decrease) in trade & other payables	23	2,255	5,026
Provisions utilised	30	0	(48)
Increase/(decrease) in provisions	30	(109)	(12)
Net Cash Inflow (Outflow) from Operating Activities		(289,726)	(271,614)
Net Cash Inflow (Outflow) from Investing Activities		0	0
Net Cash Inflow (Outflow) before Financing		(289,726)	(271,614)
Cash Flows from Financing Activities			
Grant in Aid Funding Received		289,778	271,523
Net Cash Inflow (Outflow) from Financing Activities		289,778	271,523
Net Increase (Decrease) in Cash & Cash Equivalents	20	52	(91)
Cash & Cash Equivalents at the Beginning of the Financial Year		76	167
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		0	0
Cash & Cash Equivalents (including bank overdrafts) at the End of the Financial Year		128	76

The notes on pages x to xx form part of this statement

Notes to the financial statements

1 Accounting Policies

NHS England has directed that the financial statements of clinical commissioning groups shall meet the accounting requirements of the Group Accounting Manual issued by the Department of Health and Social Care. Consequently, the following financial statements have been prepared in accordance with the Group Accounting Manual 2017-18 issued by the Department of Health and Social Care. The accounting policies contained in the Group Accounting Manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to clinical commissioning groups, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Group Accounting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the clinical commissioning group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the clinical commissioning group are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going Concern

These accounts have been prepared on the going concern basis.

Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Where a clinical commissioning group ceases to exist, it considers whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of Financial Statements. If services will continue to be provided the financial statements are prepared on the going concern basis.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.3 Acquisitions & Discontinued Operations

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

1.4 Movement of Assets within the Department of Health and Social Care Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Government Financial Reporting Manual, issued by HM Treasury. The Government Financial Reporting Manual does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Department of Health and Social Care Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

1.5 Pooled Budgets

Where the clinical commissioning group has entered into a pooled budget arrangement under Section 75 of the National Health Service Act 2006 the clinical commissioning group accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

If the clinical commissioning group is in a "jointly controlled operation", the clinical commissioning group recognises:

- The assets the clinical commissioning group controls;
- The liabilities the clinical commissioning group incurs;
- The expenses the clinical commissioning group incurs; and,
- The clinical commissioning group's share of the income from the pooled budget activities.

If the clinical commissioning group is involved in a "jointly controlled assets" arrangement, in addition to the above, the clinical commissioning group recognises:

- The clinical commissioning group's share of the jointly controlled assets (classified according to the nature of the assets);
- The clinical commissioning group's share of any liabilities incurred jointly; and,
- The clinical commissioning group's share of the expenses jointly incurred.

1.6 Critical Accounting Judgements & Key Sources of Estimation Uncertainty

In the application of the clinical commissioning group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.6.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the clinical commissioning group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Provisions for Continuing Healthcare Claims, although they may be non-current in nature, are to be accounted for in the financial statements of NHS England.

The calculation of running costs has been undertaken in accordance with NHS England national guidance and definitions. However the application of the rules for each organisation involves an application of professional judgement to particular circumstances

1.6.2 Key Sources of Estimation Uncertainty

The following are the key estimations that management has made in the process of applying the clinical commissioning group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Amounts included in provisions include an element of uncertainty around both the amount and timing of the likely liability occurring. They are also frequently, but not necessarily, one-off or unusual items for which there are fewer comparisons.

Notes to the financial statements

- 1.7 **Revenue**
Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.
Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.
- 1.8 **Employee Benefits**
- 1.8.1 **Short-term Employee Benefits**
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, including bonuses earned but not yet taken.
The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.
- 1.8.2 **Retirement Benefit Costs**
Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the clinical commissioning group of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.
For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the clinical commissioning group commits itself to the retirement, regardless of the method of payment.
- 1.9 **Other Expenses**
Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.
Expenses and liabilities in respect of grants are recognised when the clinical commissioning group has a present legal or constructive obligation, which occurs when all of the conditions attached to the payment have been met.
- 1.1 **Leases**
Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.
- 1.10.1 **The Clinical Commissioning Group as Lessee**
Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the clinical commissioning group's surplus/deficit.
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.
Contingent rentals are recognised as an expense in the period in which they are incurred.
Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.
- 1.10.2 **The Clinical Commissioning Group as Lessor**
Amounts due from lessees under finance leases are recorded as receivables at the amount of the clinical commissioning group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the clinical commissioning group's net investment outstanding in respect of the leases.
Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.
- 1.11 **Cash & Cash Equivalents**
Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the clinical commissioning group's cash management.

Notes to the financial statements

1.12 Provisions

Provisions are recognised when the clinical commissioning group has a present legal or constructive obligation as a result of a past event, it is probable that the clinical commissioning group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate as follows:

- Timing of cash flows (0 to 5 years inclusive): Minus 2.420% (previously: minus 2.70%)
- Timing of cash flows (6 to 10 years inclusive): Minus 1.85% (previously: minus 1.95%)
- Timing of cash flows (over 10 years): Minus 1.56% (previously: minus 0.80%)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably. A restructuring provision is recognised when the clinical commissioning group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.13 Clinical Negligence Costs

The NHS Resolution operates a risk pooling scheme under which the clinical commissioning group pays an annual contribution to the NHS Resolution which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHS Resolution is administratively responsible for all clinical negligence cases the legal liability remains with the clinical commissioning group.

1.14 Non-clinical Risk Pooling

The clinical commissioning group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the clinical commissioning group pays an annual contribution to the NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.15 Continuing healthcare risk pooling

In 2014-15 a risk pool scheme was introduced by NHS England for continuing healthcare claims, for claim periods prior to 31 March 2013. Under the scheme clinical commissioning group contribute annually to a pooled fund, which is used to settle the claims.

1.16 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the clinical commissioning group, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the clinical commissioning group. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.17 Financial Assets

Financial assets are recognised when the clinical commissioning group becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit and loss;
- Held to maturity investments;
- Available for sale financial assets; and,
- Loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the financial statements

1.18 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the clinical commissioning group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

1.18.1 Financial Guarantee Contract Liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The premium received (or imputed) for entering into the guarantee less cumulative amortisation; and,
- The amount of the obligation under the contract, as determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

1.18.2 Financial Liabilities at Fair Value Through Profit and Loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the clinical commissioning group's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

1.18.3 Other Financial Liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health and Social Care, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.19 Value Added Tax

Most of the activities of the clinical commissioning group are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.20 Losses & Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the clinical commissioning group not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.21 Research & Development

Research and development expenditure is charged in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Net Expenditure on a systematic basis over the period expected to benefit from the project. It should be re-valued on the basis of current cost. The amortisation is calculated on the same basis as depreciation.

1.22 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The DHSC Group accounting manual does not require the following Standards and Interpretations to be applied in 2017-18. These standards are still subject to FRC adoption and early adoption is not therefore permitted.

- IFRS 16: Leases (application from 1 January 2019)
- IFRS 17: Insurance Contracts (application from 1 January 2021)
- IFRIC 23: Uncertainty over Income Tax Treatments (application from 1 January 2019)

The application of the Standards as revised would not have a material impact on the accounts for 2017-18, were they applied in that year.

2 Other Operating Revenue

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
Education, training and research	317	0	317	30
Charitable and other contributions to revenue expenditure: non-NHS	120	0	120	0
Non-patient care services to other bodies	393	0	393	321
Other revenue	3,752	0	3,752	3,238
Total other operating revenue	<u>4,582</u>	<u>0</u>	<u>4,582</u>	<u>3,589</u>

3 Revenue

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
From rendering of services	4,582	0	4,582	3,589
Total	<u>4,582</u>	<u>0</u>	<u>4,582</u>	<u>3,589</u>

4. Employee benefits and staff numbers

4.1.1 Employee benefits	2017-18	Total	
	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits			
Salaries and wages	3,565	3,274	291
Social security costs	351	351	0
Employer Contributions to NHS Pension scheme	446	446	0
Other pension costs	0	0	0
Apprenticeship Levy	3	3	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Gross employee benefits expenditure	4,364	4,073	291
Less recoveries in respect of employee benefits (note 4.1.2)	0	0	0
Total - Net admin employee benefits including capitalised costs	4,364	4,073	291
Less: Employee costs capitalised	0	0	0
Net employee benefits excluding capitalised costs	4,364	4,073	291

4.1.1 Employee benefits	2016-17	Total	
	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits			
Salaries and wages	3,626	2,961	665
Social security costs	321	321	0
Employer Contributions to NHS Pension scheme	385	385	0
Other pension costs	0	0	0
Apprenticeship Levy	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Gross employee benefits expenditure	4,332	3,667	665
Less recoveries in respect of employee benefits (note 4.1.2)	0	0	0
Total - Net admin employee benefits including capitalised costs	4,332	3,667	665
Less: Employee costs capitalised	0	0	0
Net employee benefits excluding capitalised costs	4,332	3,667	665

4.1.2 Recoveries in respect of employee benefits

There were no recoveries in respect of employees benefits in either 17/18 or 16/17

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4.2 Average number of people employed

	2017-18		2016-17	
	Total Number	Permanently employed Number	Other Number	Total Number
Total	96	77	19	79
Of the above:				
Number of whole time equivalent people engaged on capital projects	0	0	0	0

4.3 Staff sickness absence and ill health retirements

	2017-18 Number	2016-17 Number
Total Days Lost	0	0
Total Staff Years	0	0
Average working Days Lost	0	0

4.4

	2017-18 Compulsory redundancies		2017-18 Other agreed departures		2017-18 Total	
	Number	£	Number	£	Number	£
Less than £10,000	0	0	0	0	0	0
£10,001 to £25,000	0	0	0	0	0	0
£25,001 to £50,000	0	0	0	0	0	0
£50,001 to £100,000	0	0	0	0	0	0
£100,001 to £150,000	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0
Over £200,001	0	0	0	0	0	0
Total	0	0	0	0	0	0

	2016-17 Compulsory redundancies		2016-17 Other agreed departures		2016-17 Total	
	Number	£	Number	£	Number	£
Less than £10,000	0	0	0	0	0	0
£10,001 to £25,000	0	0	0	0	0	0
£25,001 to £50,000	0	0	1	48,034	1	48,034
£50,001 to £100,000	0	0	0	0	0	0
£100,001 to £150,000	0	0	0	0	0	0
£150,001 to £200,000	0	0	0	0	0	0
Over £200,001	0	0	0	0	0	0
Total	0	0	1	48,034	1	48,034

Analysis of Other Agreed Departures

	2017-18 Other agreed departures		2016-17 Other agreed departures	
	Number	£	Number	£
Early retirements in the efficiency of the service contractual costs	0	0	1	48,034
Total	0	0	1	48,034

The redundancy provision in 2016/16 was as a result of internal restructuring within the CCG. No exit packages were agreed in 2017/18.

Bury CCG - Annual Accounts 2017-18

4.5 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities.

Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

4.5.1 Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data as 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

4.5.2 Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

For 2017-18, employers' contributions of £445,940 were payable to the NHS Pensions Scheme (2016-17: £384,830) were payable to the NHS Pension Scheme at the rate of 14.38% of pensionable pay. The scheme's actuary reviews employer contributions, usually every four years and now based on HMT Valuation Directions, following a full scheme valuation. The latest review used data from 31 March 2012 and was published on the Government website on 9 June 2012. These costs are included in the NHS pension line of note 4.1.1.

Bury CCG - Annual Accounts 2017-18

5. Operating expenses

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
Gross employee benefits				
Employee benefits excluding governing body members	3,626	1,699	1,927	3,572
Executive governing body members	738	681	57	760
Total gross employee benefits	4,364	2,380	1,984	4,332
Other costs				
Services from other CCGs and NHS England	1,067	1,278	(211)	1,523
Services from foundation trusts	82,376	80	82,296	75,540
Services from other NHS trusts	103,942	11	103,931	98,186
Purchase of healthcare from non-NHS bodies	31,482	0	31,482	37,001
Purchase of social care	6,275	0	6,275	0
Chair and Non Executive Members	100	100	0	117
Supplies and services – clinical	27	0	27	0
Supplies and services – general	2,760	5	2,755	1,236
Consultancy services	62	13	49	203
Establishment	1,220	147	1,073	588
Transport	91	2	89	26
Premises	2,361	147	2,214	2,143
Audit fees	45	45	0	49
Prescribing costs	31,453	0	31,453	32,191
GPMS/APMS and PCTMS	27,343	0	27,343	26,768
Other professional fees excl. audit	527	40	487	543
Legal fees	57	65	(8)	0
Clinical negligence	5	5	0	5
Education and training	105	28	77	84
Provisions	(109)	0	(109)	(12)
CHC Risk Pool contributions	0	0	0	336
Other expenditure	3	0	3	0
Total other costs	291,190	1,966	289,224	276,528
Total operating expenses	295,554	4,346	291,208	280,860

Admin expenditure is expenditure incurred that is not a direct payment for the provision of healthcare or healthcare services.

Bury CCG - Annual Accounts 2017-18

6.1 Better Payment Practice Code

Measure of compliance	2017-18 Number	2017-18 £'000	2016-17 Number	2016-17 £'000
Non-NHS Payables				
Total Non-NHS Trade invoices paid in the Year	15,468	69,688	15,040	70,301
Total Non-NHS Trade Invoices paid within target	15,390	69,506	14,916	69,939
Percentage of Non-NHS Trade invoices paid within target	99.50%	99.74%	99.18%	99.49%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,717	190,540	2,541	176,332
Total NHS Trade Invoices Paid within target	2,704	190,404	2,517	175,977
Percentage of NHS Trade Invoices paid within target	99.52%	99.93%	99.06%	99.80%

Bury CCG - Annual Accounts 2017-18

7. Operating Leases

7.1 As lessee

7.1.1 Payments recognised as an Expense

	Land £'000	Buildings £'000	Other £'000	2017-18 Total £'000	Land £'000	Buildings £'000
Payments recognised as an expense						
Minimum lease payments	0	2,345	5	2,350	0	1,151
Contingent rents	0	0	0	0	0	0
Sub-lease payments	0	0	0	0	0	0
Total	0	2,345	5	2,350	0	1,151

Whilst our arrangements with Community Health Partnership's Limited and NHS Property Services Limited fall within the

7.1.2 Future minimum lease payments

	Land £'000	Buildings £'000	Other £'000	2017-18 Total £'000	Land £'000	Buildings £'000
Payable:						
No later than one year	0	0	5	5	0	-
Between one and five years	0	0	1	1	0	-
After five years	0	0	0	0	0	-
Total	0	0	6	6	0	0

7.3 As lessor

7.3.1 Rental revenue

	2017-18 £'000	2016/17 £'000
Recognised as income		
Rent	0	0
Contingent rents	0	0
Total	0	0

7.3.2 Future minimum rental value

	2017-18 £'000	2016/17 £'000
Receivable:		
No later than one year	0	0
Between one and five years	0	5
After five years	0	1
Total	0	6

Bury CCG - Annual Accounts 2017-18

8 Trade and other receivables

	Current 2017-18 £'000	Non-current 2017-18 £'000	Current 2016-17 £'000	Non-current 2016-17 £'000
NHS receivables: Revenue	383	0	370	0
NHS receivables: Capital	0	0	0	0
NHS prepayments	1,333	0	864	0
NHS accrued income	182	0	42	0
Non-NHS and Other WGA receivables: Revenue	65	0	0	0
Non-NHS and Other WGA receivables: Capital	0	0	0	0
Non-NHS and Other WGA prepayments	255	0	140	0
Non-NHS and Other WGA accrued income	168	0	75	0
Provision for the impairment of receivables	0	0	0	0
VAT	24	0	18	0
Total Trade & other receivables	2,409	0	1,510	0
Total current and non current	2,409		1,510	

8.1 Receivables past their due date but not impaired

	2017-18 £'000 DH Group Bodies	2017-18 £'000 Group Bodies	2016-17 £'000 All receivables prior years
By up to three months	50	55	1
By three to six months	19	3	0
By more than six months	0	4	0
Total	69	61	1

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9 Cash and cash equivalents

	2017-18	2016-17
	£'000	£'000
Balance at 01 April 2017	76	167
Net change in year	52	(91)
Balance at 31 March 2018	128	76
Made up of:		
Cash with the Government Banking Service	128	76
Balance at 31 March 2018	128	76

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10 Trade and other payables	Current 2017-18 £'000	Non-current 2017-18 £'000	Current 2016-17 £'000	Non-current 2016-17 £'000
NHS payables: revenue	1,527	0	829	0
NHS accruals	2,909	0	3,024	0
Non-NHS and Other WGA payables: Revenue	1,942	0	2,262	0
Non-NHS and Other WGA accruals	13,641	0	11,584	0
Social security costs	54	0	49	0
Tax	35	0	39	0
Other payables and accruals	358	0	425	0
Total Trade & Other Payables	20,466	0	18,211	0
Total current and non-current	20,466		18,211	

Other payables include £270k outstanding pension contributions at 31 March 2018 (£304k 2016/17)

11 Provisions

There were no provisions at the year end (2016/17 - £109k Other - released during the current year)

12 Financial instruments

12.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

Because NHS clinical commissioning group is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The clinical commissioning group has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the clinical commissioning group in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the NHS clinical commissioning group standing financial instructions and policies agreed by the Governing Body. Treasury activity is subject to review by the NHS clinical commissioning group and internal auditors.

12.1.1 Currency risk

The NHS clinical commissioning group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The NHS clinical commissioning group has no overseas operations. The NHS clinical commissioning group and therefore has low exposure to currency rate fluctuations.

12.1.2 Interest rate risk

The clinical commissioning group borrows from government for capital expenditure, subject to affordability as confirmed by NHS England. The borrowings are for 1 to 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The clinical commissioning group therefore has low exposure to interest rate fluctuations.

12.1.3 Credit risk

Because the majority of the NHS clinical commissioning group and revenue comes parliamentary funding, NHS clinical commissioning group has low exposure to credit risk. The maximum exposures as at the end of the financial year are in receivables from customers, as disclosed in the trade and other receivables note.

12.1.4 Liquidity risk

NHS clinical commissioning group is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. The NHS clinical commissioning group draws down cash to cover expenditure, as the need arises. The NHS clinical commissioning group is not, therefore, exposed to significant liquidity risks.

12 Financial instruments cont'd

12.2 Financial assets

	At 'fair value through profit and loss' 2017-18 £'000	Loans and Receivables 2017-18 £'000	Available for Sale 2017-18 £'000	Total 2017-18 £'000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	565	0	565
· Non-NHS	0	233	0	233
Cash at bank and in hand	0	128	0	128
Other financial assets	0	0	0	0
Total at 31 March 2018	0	926	0	926

	At 'fair value through profit and loss' 2016-17 £'000	Loans and Receivables 2016-17 £'000	Available for Sale 2016-17 £'000	Total 2016-17 £'000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	412	0	412
· Non-NHS	0	76	0	76
Cash at bank and in hand	0	76	0	76
Other financial assets	0	0	0	0
Total at 31 March 2018	0	564	0	564

12.2 Financial liabilities

	At 'fair value through profit and loss' 2017-18 £'000	Other 2017-18 £'000	Total 2017-18 £'000
Payables:			
· NHS	0	4,436	4,436
· Non-NHS	0	15,941	15,941
Total at 31 March 2018	0	20,377	20,377

	At 'fair value through profit and loss' 2016-17 £'000	Other 2016-17 £'000	Total 2016-17 £'000
Payables:			
· NHS	0	3,853	3,853
· Non-NHS	0	14,270	14,270
Total at 31 March 2018	0	18,123	18,123

13 Operating segments

	Gross expenditure £'000	Income £'000	Net expenditure £'000	Total assets £'000	Total liabilities £'000	Net assets £'000
Commissioning Healthcare	295,555	(4,582)	290,972	2,537	(20,466)	(17,929)
Total	295,555	(4,582)	290,972	2,537	(20,466)	(17,929)

13.1 Reconciliation between Operating Segments and SoCNE

	2017-18 £'000
Total net expenditure reported for operating segments	290,972

13.2 Reconciliation between Operating Segments and SoFP

	2017-18 £'000
Total assets reported for operating segments	2,537
Reconciling items:	
Total assets per Statement of Financial Position	2,537

	2017-18 £'000
Total liabilities reported for operating segments	(20,466)
Reconciling items:	
Total liabilities per Statement of Financial Position	(20,466)

14 Pooled budget

The Better Care Fund was set up in 2015-16 between Bury CCG and Bury Council. This is a pooled budget hosted by Bury Council. The fund is jointly managed by Bury CCG and Bury Council with a section 75 agreement in place. Overall accountability for the local BCF pooled budget is held by the local Health and Wellbeing Board.

	2017-18 £'000	2016-17 £'000
Income	5,206	5,864
Expenditure	<u>(4,936)</u>	<u>(4,892)</u>
	<u>270</u>	<u>972</u>

The CCGs planned contribution to the fund in 2017/18 was £12.406m across a number of schemes (16/17 £12.188m).

The CCGs share of this underspend is £nil in 2017/18 (2016/17: £0.972m).

Scheme Name	2017/18		2016/17	
	£000s Budget	£000s Actual	£000s Budget	£000s Actual
Total Pooled fund income	12,406	12,406	12,188	12,188
Expenditure:				
1. Staying Well	374	111	374	44
2. Extended Access to Primary Care	1,240	1,240	1,240	1,181
3. Integrated Locality Teams	2,372	2,372	2,372	817
4. Care of vulnerable adults	486	486	486	486
5. Reablement Intermediate Care (all schemes)	7,934	6,361	7,716	7,255
Total pooled fund expenditure	12,406	10,570	12,188	9,783
Net surplus arising on the pooled budget during the year	0	1,836	0	2,405

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15 Related party transactions

Details of related party transactions with individuals are as follows:

Related party transactions 2017/18

Details of related party transactions with individuals are as follows:

Dr Kiran Patel is the Chair, and principal GP at Greenmount Medical Centre. He is also Chair of Association of GM CCG's, and Medical Director of Laserase Bolton. His wife is a shareholder in ABL Health and Laserase. Also the Chair of Bury GP Federation.

Dr Cathy Fines is a GP at Uplands Medical Centre and her husband is a Consultant at Central Manchester University NHS FT. She is also a member of Bury GP Federation.

David McCann is a Non-executive Director of Rock Healthcare Ltd, Non Executive Director of Praxis Capital Ltd and Praxis Real Estate Ltd, a senior Partner in Woodcocks solicitors and a Non Executive Director of Rock Healthcare Bury.

Dr Jeffrey Schryer is a partner in Whittaker Lane Medical Centre and a trustee of Herschel Weiss Sure Start Centre Salford.

Claire Wilson's spouse is the Director of Financial Control at NHS England.

Howard Hughes is a Clinical Director and both himself and his spouse are Directors of Prestwich Pharmacy and St Peter's Pharmacy.

Dr Fazel Butt is a GP at Huntley Mount Practice and also partner at Elms Medical Practice. He is also a member of Bury GP Federation

Dr Wiz El Jouzi is a partner at Tottington Medical Practice.

Dr Ajay Kotecha is senior GP at Spring Lane Surgery. His father is share holder at Rock Healthcare and the owner of Oak Lodge/Holybank Nursing Homes.

R Deacon is GP Partner at St Gabriels Medical Practice

Dr Debbie Hartley is a Partner at Greenmount Medical Centre

Dr Liane Harris is a salaried partner at Birches Medical Centre

	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
ABL HEALTH LTD	91	0	0	0
BARDOC	1,804	0	73	0
BIRCHES MEDICAL PRACTICE	450	0	1	0
BURY COUNCIL	15,505	-5,431	146	0
BURY GP PRACTICES LTD	2,111	0	0	0
ELMS MEDICAL CENTRE WHITEFIELD	750	0	1	0
ESSENTIAL COMMUNICATION BURY	15	0	0	0
FUSILLIERS MUSEUM BURY	4	0	1	0
GREENMOUNT MEDICAL CENTRE	1,268	0	1	0
HOLLYBANK NURSING HOME	59	0	0	0
HUNTLEY MOUNT MEDICAL CENTRE	391	0	0	0
OAK LODGE NURSING HOME	241	0	0	0
PRESTWICH PHARMACY	5	0	0	0
ROCK HEALTHCARE	1,290	0	0	0
ST GABRIEL'S MEDICAL PRACTICE	908	0	0	0
TOTTINGTON MEDICAL PRACTICE	1,414	0	0	0
UPLANDS MEDICAL PRACTICE	120	0	1	0
WHITTAKER LANE MEDICAL CENTRE	784	0	1	0

The Department of Health is regarded as a related party as it is the parent body of Bury CCG. During the year the clinical commissioning group has had a significant number of material transactions with entities for which the Department is regarded a related party.

In addition, the clinical commissioning group has had a number of material transactions with other government departments and other central and local government bodies.

Related party transactions 2016/17

Details of related party transactions with individuals are as follows:

Dr Kiran Patel is the Chair, and principal GP at Greenmount Medical Centre. He is also Chair of Association of GM CCG's, and Medical Director of Laserase. His wife is a shareholder in ABL Health and Laserase.

Dr Cathy Fines is a GP at Uplands Medical Centre and her husband is a Consultant at Central Manchester University NHS FT

David McCann is a Non-executive Director of Rock Healthcare Ltd

Dr Jeffrey Schryer is a partner in Whittaker Lane Medical Centre.

Claire Wilson's spouse is the Director of Financial Control at NHS England.

Dr Victoria Moyles's spouse is a Director of GP Federation and father in law is co-owner of Oak Lodge Nursing Home.

Howard Hughes is a Clinical Director and both himself and his spouse are Directors of Prestwich Pharmacy and St Peter's Pharmacy.

Dr Andrew Clough is Director of AECUS Management & Training Services Ltd.

Fiona Boyed is governing body registered nurse and also hold the position at Heywood, Middleton and Rochdale CCG as quality and safety lead.

Amarbaj Chandock is director of ORAS Locum Ltd

Dr Fazel Butt is a GP at Huntley Mount Practice and also partner at Elms Medical Practice.

Dr Wiz El Jouzi is a partner at Tottington Medical Practice.

Dr Ajay Kotecha is senior GP at Spring Lane Surgery. His father is share holder at Rock Healthcare and the owner of Oak Lodge/Holybank Nursing Homes.

WJ Simmons is GP Partner at Elms MC and Director of WCL Medical Aesthetics Ltd

R Deacon is GP Partner at St Gabriels Medical Practice

	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
ABL HEALTH LTD	91	-	-	-
BURY GP PRACTICES LTD	1,798	-	-	-
ELMS MEDICAL CENTRE WHITEFIELD	652	-	-	-
GREENMOUNT MEDICAL CENTRE	1,167	-	1	-
HOLLYBANK NURSING HOME	38	-	-	-
HUNTLEY MOUNT MEDICAL CENTRE	356	-	-	-
OAK LODGE NURSING HOME	269	-	-	-
PRESTWICH PHARMACY	6	-	-	-
ROCK HEALTHCARE	1,349	-	-	-
TOTTINGTON MEDICAL PRACTICE	180	(4)	-	-
UPLANDS MEDICAL PRACTICE	103	-	-	-
WHITTAKER LANE MEDICAL CENTRE	706	-	1	-
ST GABRIEL'S MEDICAL PRACTICE	872	-	-	-

The Department of Health is regarded as a related party as it is the parent body of Bury CCG. During the year the clinical commissioning group has had a significant number of material transactions with entities for which the Department is regarded a related party.

In addition, the clinical commissioning group has had a number of material transactions with other government departments and other central and local government bodies.

Bury MBC	16,133	(5,353)	1,299	-
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16 Events after the end of the reporting period

There were no events after the reporting date which require disclosure

17 Financial performance targets

NHS Clinical Commissioning Group have a number of financial duties under the NHS Act 2006 (as amended). NHS Clinical Commissioning Group performance against those duties was as follows:

	2017-18	2017-18	2016/17	2016/17
	Target	Performance	Target	Performance
Expenditure not to exceed income	302,509	295,555	286,734	280,860
Capital resource use does not exceed the amount specified in Directions	0	0	0	0
Revenue resource use does not exceed the amount specified in Directions	297,926	290,972	283,145	277,271
Capital resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0	0
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0	0
Revenue administration resource use does not exceed the amount specified in Directions	4,346	4,346	4,317	4,317

18. Employee benefits and staff numbers

18.1 Employee benefits

	2017-18			Total			Admin			Programme		
	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits												
Salaries and wages	3,565	3,274	291	1,956	1,731	225	1,609	1,542	66			
Social security costs	351	351	0	188	188	0	163	163	0			
Employer contributions to the NHS Pension Scheme	446	446	0	233	233	0	213	213	0			
Other pension costs	0	0	0	0	0	0	0	0	0			
Apprenticeship Levy	3	3	0	3	3	0	0	0	0			
Other post-employment benefits	0	0	0	0	0	0	0	0	0			
Other employment benefits	0	0	0	0	0	0	0	0	0			
Termination benefits	0	0	0	0	0	0	0	0	0			
Gross employee benefits expenditure	4,364	4,073	291	2,380	2,155	225	1,984	1,918	66			
Less recoveries in respect of employee benefits (note 4.1.2)	0	0	0	0	0	0	0	0	0			
Total - Net admin employee benefits including capitalised costs	4,364	4,073	291	2,380	2,155	225	1,984	1,918	66			
Less: Employee costs capitalised	0	0	0	0	0	0	0	0	0			
Net employee benefits excluding capitalised costs	4,364	4,073	291	2,380	2,155	225	1,984	1,918	66			

18.1 Employee benefits

	2016-17			Total			Admin			Programme		
	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits												
Salaries and wages	3,626	2,961	665	2,121	1,733	388	1,505	1,227	277			
Social security costs	321	321	0	197	197	0	124	124	0			
Employer contributions to the NHS Pension Scheme	385	385	0	231	231	0	154	154	0			
Other pension costs	0	0	0	0	0	0	0	0	0			
Apprenticeship Levy	0	0	0	0	0	0	0	0	0			
Other post-employment benefits	0	0	0	0	0	0	0	0	0			
Other employment benefits	0	0	0	0	0	0	0	0	0			
Termination benefits	0	0	0	0	0	0	0	0	0			
Gross employee benefits expenditure	4,332	3,667	665	2,550	2,162	388	1,782	1,505	277			
Less recoveries in respect of employee benefits (note 4.1.2)	0	0	0	0	0	0	0	0	0			
Total - Net admin employee benefits including capitalised costs	4,332	3,667	665	2,550	2,162	388	1,782	1,505	277			
Less: Employee costs capitalised	0	0	0	0	0	0	0	0	0			
Net employee benefits excluding capitalised costs	4,332	3,667	665	2,550	2,162	388	1,782	1,505	277			

19 Losses and special payments

There were no losses and special payments in either 2017/18 (2016/17 - £nil)

Draft Management Representation Letter

We have prepared and agreed with the CFO the following management representation letter which we will require at the same time as the financial statements are signed. This is usually signed by the Accountable Officer or CFO for and on behalf of the Governing Body. The content is largely driven by matters we wish you to confirm to support your compliance with accounting and auditing standards. Exceptions to that are:

- Paragraph 9: includes a specific representation which is particular to CCGs given your need to confirm that you have spent monies in line with the intentions of Parliament.
- Paragraph 12: which is a specific representation we ask of all our NHS clients and support the returns we complete to the National Audit Office on your consolidation return; and

Should you have any concern about providing these representation please ensure that you discuss any amendments with us prior to signing the letter. We would also ask you to note that these representation are not the only audit evidence that we seek in relation to these matters.



Bury

Clinical Commissioning Group

Rob Jones
Director
KPMG LLP
One St Peters Square
Manchester
M2 3AE

18th May 2018

Dear Rob

This representation letter is provided in connection with your audit of the financial statements of Bury NHS Clinical Commissioning Group ("the CCG"), for the year ended 31 March 2018, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the state of the financial position of the CCG as at 31 March 2018 and of the net operating expenditure for the financial year then ended; and;
- Whether the CCG's financial statements have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the Department of Health and Social Care Group Accounting Manual (GAM).

These financial statements comprise the Statement of Financial Position, the Statement of Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Governing Body confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Governing Body confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Governing Body has fulfilled its responsibilities for the preparation of financial statements that:
 - i. give a true and fair view of the financial position of the CCG as at 31 March 2018 and of the net operating expenditure for that financial year; and
 - ii. have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the GAM 2017/18.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Governing Body in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. There are no uncorrected adjustments above £250k following audit of the 2017/18 financial statements.

Information provided

5. The Governing Body has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Governing Body for the purpose of the audit; and
 - Unrestricted access to persons within the CCG from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Governing Body confirms the following:
 - i. The Governing Body has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definition of fraud, including misstatement arising from fraudulent financial reporting and from misappropriation of assets.
 - ii. The Governing Body has disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the CCG and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the CCG's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Governing Body acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the

Governing Body acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

9. The Governing Body has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. The Governing Body also confirms that, in all material respects, the expenditure and income recognised in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.
10. The Governing Body has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
11. The Governing Body has disclosed to you the identity of the CCG's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures. Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.
12. The Governing Body confirms that all intra-NHS balances included in the Statement of Financial Position (SOFP) at 31 March 2018 in excess of £100,000 have been disclosed to you and that the CCG has complied with the requirements of the Intra NHS Agreement of Balances Exercise. The Governing Body confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOFP classifications formally deemed to be included within the Agreement of Balances exercise.
13. The Governing Body confirms that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the CCG's ability to continue as a going concern as required to provide a true and fair view.
 - b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the CCG to continue as a going concern.

This letter was tabled and agreed at the meeting of the Governing Body on 23rd May 2018.

Yours sincerely

Stuart North, Accountable Officer for and on behalf of the Governing Body of NHS Bury CCG

Appendix to the Governing Body Representation Letter: Definitions

Financial Statements

IAS 1.10 states that a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the previous period; and

- a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity’s assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity’s financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled, or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.