


MEETING DATE:	11 June 2015	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY
AGENDA ITEM NUMBER:	Item 7.1	
AUTHOR:	Therese Paskell	
JOB TITLE: DEPARTMENT:	Chief Finance Officer & Business Support Finance	

AUDITED ANNUAL ACCOUNTS 2014/15

PURPOSE/ACTION REQUIRED:	To approve /adopt the accounts.
CONSULTATION AND/OR INVOLVEMENT PROCESS:	In liaison with CSU, the Audited Annual Accounts were reviewed by the CCG's Audit Group and submitted to NHS England.
FREEDOM OF INFORMATION:	Public – the Annual Report including these Audited Annual Accounts has been published on the CCG's website prior to the 5 th June National deadline.

1. PURPOSE OF THE REPORT:	
To obtain the Governing Body's approval / adoption of the Audited Annual Accounts.	
2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:	
Continue to improve the quality of services	
Reduce unwarranted variations in services	
Deliver the best outcomes for every patient	
Improve patient experience	
Reduce the inequalities gap in North Lincolnshire	
The Annual Accounts detail the CCG's achievement of these key targets	
3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP	
This report provides assurance that the CCG has met its main statutory financial duties in 2014/15	

4. IMPACT ON RISK ASSURANCE FRAMEWORK:			
Yes	x	No	
The Financial Risks experienced by the CCG were covered by the contingency fund and reserves in 2014/15			
5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:			
Yes		No	x
No direct implications.			
6. LEGAL IMPLICATIONS:			
Yes	x	No	
Financial liabilities facing the CCG are shown in the report as well as statutory financial duties.			
7. RESOURCE IMPLICATIONS:			
Yes	x	No	
The accounts highlight any known financial risks that may impact on resources available in 2015/16.			
8. EQUALITY IMPACT ASSESSMENT:			
Yes		No	x
No Equality Impact Assessment has been undertaken because this is not a policy/procedure/guidance.			
9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:			
Yes		No	x
The Accounts have been published on the CCG's external website and are available for public review prior to the Annual General Meeting.			
10. RECOMMENDATIONS:			
The Governing Body members are asked to: -			
<ul style="list-style-type: none"> Receive and approve the CCG's Annual Accounts by adopting the Audited Accounts for 2014/15: 			

**NHS North Lincolnshire
Clinical Commissioning
Group**

2014-15

Annual 5 Yearly Report

PLEASE NOTE: 1) This Report is an extract from the submitted Annual Report, hence why it commences at Pages 99/100.

2) Original Signatures have been removed from this document in line with NHS England guidance for publication.



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9. Primary Financial Statements and Notes to the Accounts

Statement of Comprehensive Net Expenditure for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Total Income and Expenditure			
Employee benefits	4.1.1	1,185	1,093
Operating Expenses	5	211,924	206,463
Other operating revenue	2	(3,437)	(3,150)
Net operating expenditure before interest		209,672	204,406
Investment Revenue	8	0	0
Other (gains)/losses	9	0	0
Finance costs	10	0	0
Net operating expenditure for the financial year		209,672	204,406
Net (gain)/loss on transfers by absorption	11	0	0
Total Net Expenditure for the year		209,672	204,406
Of which:			
Administration Income and Expenditure			
Employee benefits	4.1.1	1,016	993
Operating Expenses	5	3,159	3,306
Other operating revenue	2	(6)	(107)
Net administration costs before interest		4,169	4,192
Programme Income and Expenditure			
Employee benefits	4.1.1	169	100
Operating Expenses	5	208,765	203,157
Other operating revenue	2	(3,431)	(3,043)
Net programme expenditure before interest		205,503	200,214
Other Comprehensive Net Expenditure			
		2014-15 £000	2013-14 £000
Impairments & Reversals	22	0	0
Net gain/(loss) on revaluation of property, plant & equipment		0	0
Net gain/(loss) on revaluation of intangibles		0	0
Net gain/(loss) on revaluation of financial assets		0	0
Movements in other reserves		0	0
Net gain/(loss) on available for sale financial assets		0	0
Net gain/(loss) on assets held for sale		0	0
Net actuarial gain/(loss) on pension schemes		0	0
Share of (profit)/loss of associates and joint ventures		0	0
Reclassification Adjustments		0	0
On disposal of available for sale financial assets		0	0
Total comprehensive net expenditure for the year		209,672	204,406

The notes on pages 104 to 142 form part of this statement

**Statement of Financial Position as at
31 March 2015**

	31 March 2015	31 March 2014
	Note	£000
		£000
Non-current assets:		
Property, plant and equipment	13	19
Intangible assets	14	0
Investment property	15	0
Trade and other receivables	17	0
Other financial assets	18	0
Total non-current assets		25
Current assets:		
Inventories	16	0
Trade and other receivables	17	3,227
Other financial assets	18	0
Other current assets	19	0
Cash and cash equivalents	20	77
Total current assets		3,304
Non-current assets held for sale	21	0
Total current assets		916
Total assets		3,323
Current liabilities		
Trade and other payables	23	(13,170)
Other financial liabilities	24	0
Other liabilities	25	0
Borrowings	26	0
Provisions	30	0
Total current liabilities		(13,170)
Non-Current Assets plus/less Net Current Assets/Liabilities		(9,847)
Non-current liabilities		
Trade and other payables	23	0
Other financial liabilities	24	0
Other liabilities	25	0
Borrowings	26	0
Provisions	30	0
Total non-current liabilities		0
Assets less Liabilities		(9,847)
Financed by Taxpayers' Equity		
General fund		(9,847)
Revaluation Reserve		0
Other reserves		0
Charitable Reserves		0
Total taxpayers' equity:		(9,847)

The notes on pages 104 to 142 form part of this statement

The financial statements on pages 100 to 103 were approved by the Audit Group on 27/05/2015 and signed on its behalf by:

Chief Accountable Officer
Allison Cooke

**Statement of Changes In Taxpayers Equity for the year ended
31 March 2015**

	General fund £000	Revaluation reserve £000	Other reserves £000	Total reserves £000
Changes in taxpayers' equity for 2014-15				
Balance at 1 April 2014	(11,217)	0	0	(11,217)
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	0	0	0
Adjusted NHS Clinical Commissioning Group balance at 1 April 2014	(11,217)	0	0	(11,217)
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2014-15				
Net operating expenditure for the financial year	(209,673)			(209,673)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
Total revaluations against revaluation reserve	0	0	0	0
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year	(209,673)	0	0	(209,673)
Net funding	211,044	0	0	211,044
Balance at 31 March 2015	(9,846)	0	0	(9,846)
Changes in taxpayers' equity for 2013-14				
Balance at 1 April 2013	0	0	0	0
Transfer of assets and liabilities from closed NHS bodies as a result of the 1 April 2013 transition	1	0	0	1
Adjusted NHS Commissioning Board balance at 1 April 2013	1	0	0	1
Changes in NHS Commissioning Board taxpayers' equity for 2013-14				
Net operating costs for the financial year	(204,406)			(204,406)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
Total revaluations against revaluation reserve	0	0	0	0
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
Net Recognised NHS Commissioning Board Expenditure for the Financial Year	(204,405)	0	0	(204,405)
Net funding	193,189	0	0	193,189
Balance at 31 March 2014	(11,216)	0	0	(11,216)

The notes on pages 104 to 142 form part of this statement

North Lincolnshire CCG - Annual Accounts 2014-15

Statement of Cash Flows for the year ended
31 March 2015

	Note	2014-15 £000	2013-14 £000
Cash Flows from Operating Activities			
Net operating expenditure for the financial year		(209,673)	(204,406)
Depreciation and amortisation	5	6	0
Impairments and reversals	5	0	0
Movement due to transfer by Modified Absorption		0	0
Other gains (losses) on foreign exchange		0	0
Donated assets received credited to revenue but non-cash		0	0
Government granted assets received credited to revenue but non-cash		0	0
Interest paid		0	0
Release of PFI deferred credit		0	0
Other Gains & Losses		0	0
Finance Costs		0	0
Unwinding of Discounts		0	0
(Increase)/decrease in inventories		0	0
(Increase)/decrease in trade & other receivables	17	(2,517)	(710)
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade & other payables	23	1,012	12,157
Increase/(decrease) in other current liabilities		0	0
Provisions utilised	30	0	0
Increase/(decrease) in provisions	30	0	0
Net Cash Inflow (Outflow) from Operating Activities		(211,172)	(192,959)
Cash Flows from Investing Activities			
Interest received		0	0
(Payments) for property, plant and equipment		0	(25)
(Payments) for intangible assets		0	0
(Payments) for investments with the Department of Health		0	0
(Payments) for other financial assets		0	0
(Payments) for financial assets (LIFT)		0	0
Proceeds from disposal of assets held for sale: property, plant and equipment		0	0
Proceeds from disposal of assets held for sale: intangible assets		0	0
Proceeds from disposal of investments with the Department of Health		0	0
Proceeds from disposal of other financial assets		0	0
Proceeds from disposal of financial assets (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Rental revenue		0	0
Net Cash Inflow (Outflow) from Investing Activities		0	(25)
Net Cash Inflow (Outflow) before Financing		(211,172)	(192,984)
Cash Flows from Financing Activities			
Grant in Aid Funding Received		211,044	193,189
Other loans received		0	0
Other loans repaid		0	0
Capital element of payments in respect of finance leases and on Statement of Financial Position PFI and LIFT		0	0
Capital grants and other capital receipts		0	0
Capital receipts surrendered		0	0
Net Cash Inflow (Outflow) from Financing Activities		211,044	193,189
Net Increase (Decrease) in Cash & Cash Equivalents	20	(128)	205
Cash & Cash Equivalents at the Beginning of the Financial Year		205	0
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		77	205

The notes on pages 104 to 142 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 *Manual for Accounts* issued by the Department of Health. Consequently, the following financial statements have been prepared in accordance with the *Manual for Accounts 2014-15* issued by the Department of Health. The accounting policies contained in the *Manual for Accounts* 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 *Manual for Accounts* 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 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 Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

1.5 Charitable Funds

From 2014-15, the divergence from the Government Financial Reporting Manual that NHS Charitable Funds are not consolidated with bodies' own returns is removed. Under the provisions of IAS 27: Consolidated & Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entities' accounts.

1.6 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.

1.7 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.

1.7.1 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:

Disclosure of the critical judgements made by the clinical commissioning group's management, as required by IAS1.122. The clinical commissioning group occupies property owned and managed by NHS Property Services Ltd. While our arrangements with NHS Property Services Ltd fall within the definition of operating leases, the rental charge for future years has not yet been agreed. Consequently, this note does not include future minimum lease payments for these arrangements.

1.7.2 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:

Notes to the financial statements

1.7.2 Key Sources of Estimation Uncertainty (continued)

Disclosure of information about the key assumptions for the clinical commissioning group, as required by IAS1.125. The CCG has included certain accruals within the financial statements which are estimates. The key assumptions concern the following areas and the basis for them has been agreed with the Chief Finance Officer and reported to the CCG Audit Group.

Continuing Care (CHC)

The primary basis for estimating the forecast level of expenditure not yet invoiced is recorded package costs in the Broadcare patient database. Analysis during 2014/15 has shown that due to peaks and troughs in the numbers of packages for individual months this basis can produce unjustifiably fluctuating expenditure trends. The solution adopted has therefore been to:

- generate a three month rolling trend
- reduce the projection by a further proportion up to 6.74% to reflect that delays in assessments and other factors led to an excess accrual of this level in previous periods.

Further adjustments required were:

- Provisional packages are recorded when an application for a patient to receive CHC funding is made. The majority of these do not become eligible for full NHS CHC funding and therefore a reduction of 83% was required to reflect this, based on historic trends.
- Checklist patients are put on a paid for package on discharge from hospital, however around 10% are subsequently found to be ineligible for CHC following full assessment, based on historic trends and therefore an adjustment is required to reflect this.
- NHS England are responsible for legacy cases that were included in the risk pool, therefore an adjustment will be made to ensure all such cases are not reflected in the CCG estimates.

Out of Area Mental Health & Learning Disability

The projected cost of packages recorded on the patient log to the end of the accounting period has been used as the basis for accruing expenditure to the year end.

Prescribing

There is a delay of almost two months between the end of an accounting period and receipt of the Practice Prescribing Monitoring Document (PMD) showing the actual prescribing expenditure by GPs. As a result data for March prescribing expenditure was not available at the time of production of the annual accounts. An estimate of outstanding prescribing expenditure was therefore calculated on the basis of the trend in PMD prescribing forecasts for each period in the year to date.

Healthcare Non Contract Activity

Due to the time lag between the end of a period and the invoicing of activity data to CCGs an estimate has been made of expenditure, estimated based on year to date and prior year expenditure.

Notes to the financial statements

1.8 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.

1.9 Employee Benefits

1.9.1 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.

1.9.2 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.

No employees are members of the Local Government Superannuation Scheme, which is a defined benefit pension scheme. The scheme assets and liabilities attributable to those employees can be identified and are recognised in the clinical commissioning group's accounts. The assets are measured at fair value and the liabilities at the present value of the future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The interest cost during the year arising from the unwinding of the discount on the scheme liabilities is recognised within finance costs. Actuarial gains and losses during the year are recognised in the General Reserve and reported as an item of other comprehensive net expenditure.

1.10 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.

1.11 Property, Plant & Equipment

1.11.1 Recognition

Property, plant and equipment is capitalised if:

- It is held for use in delivering services or for administrative purposes;
 - It is probable that future economic benefits will flow to, or service potential will be supplied to the clinical commissioning group;
 - It is expected to be used for more than one financial year;
 - The cost of the item can be measured reliably; and,
 - The item has a cost of at least £5,000; or,
 - Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or,
 - Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.
- Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the clinical commissioning group's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use; and,
- Specialised buildings – depreciated replacement cost.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Net Expenditure.

Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

Notes to the financial statements

1.12 Intangible Assets

1.12.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the clinical commissioning group's business or which arise from contractual or other legal rights. They are recognised only:

- When it is probable that future economic benefits will flow to, or service potential be provided to, the clinical commissioning group;
- Where the cost of the asset can be measured reliably; and,
- Where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised but is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to sell or use the intangible asset;
- How the intangible asset will generate probable future economic benefits or service potential;
- The availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and,
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.13 Depreciation, Amortisation & Impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the clinical commissioning group expects to obtain economic benefits or service potential from the asset. This is specific to the clinical commissioning group and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the clinical commissioning group checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

Government Grants

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

Non-current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when:

- The sale is highly probable;
- The asset is available for immediate sale in its present condition; and,
- Management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset on the revaluation reserve is transferred to the general reserve.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

Notes to the financial statements

1.17 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.

1.17.1 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.

1.17.2 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.

1.18 Private Finance Initiative Transactions

HM Treasury has determined that government bodies shall account for infrastructure Private Finance Initiative (PFI) schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The clinical commissioning group therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- Payment for the fair value of services received;
- Payment for the PFI asset, including finance costs; and,
- Payment for the replacement of components of the asset during the contract „lifecycle replacement“.

1.18.1 Services Received

The fair value of services received in the year is recorded under the relevant expenditure headings within „operating expenses“.

1.18.2 PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the clinical commissioning group's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.18.3 PFI Liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to „finance costs“ within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

1.18.4 Lifecycle Replacement

Components of the asset replaced by the operator during the contract („lifecycle replacement“) are capitalised where they meet the clinical commissioning group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a „free“ asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.18.5 Assets Contributed by the Clinical Commissioning Group to the Operator For Use in the Scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the clinical commissioning group's Statement of Financial Position.

1.18.6 Other Assets Contributed by the Clinical Commissioning Group to the Operator

Assets contributed (e.g. cash payments, surplus property) by the clinical commissioning group to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the clinical commissioning group, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured at the present value of the minimum lease payments, discounted using the implicit interest rate. It is subsequently measured as a finance lease liability in accordance with IAS 17.

On initial recognition of the asset, an equivalent deferred income balance is recognised, representing the future service potential to be received by the clinical commissioning group through the asset being made available to third party users.

The balance is subsequently released to operating income over the life of the concession on a straight-line basis.

Notes to the financial statements

1.19 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.20 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.

1.21 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 1.50%
- Timing of cash flows (6 to 10 years inclusive): Minus 1.05%
- Timing of cash flows (over 10 years): Plus 2.20%
- All employee early departures: 1.30%

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.

1.22 Clinical Negligence Costs

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

1.23 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 Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.24 Continuing Healthcare Risk Pooling

In 2014-15 a risk pool scheme has been 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.

1.25 Carbon Reduction Commitment Scheme

Carbon Reduction Commitment and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the clinical commissioning group makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.26 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.

Notes to the financial statements

1.27 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.

1.27.1 Financial Assets 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 assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the clinical commissioning group's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

1.27.2 Held to Maturity Assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.27.3 Available For Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

1.27.4 Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, the clinical commissioning group assesses whether any financial assets, other than those held at "fair value through profit and loss" are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.28 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 derecognised when the liability has been discharged, that is, the liability has been paid or has expired.

Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

1.28.1 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.

1.28.2 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.

1.28.3 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, 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.

1.29 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.

Notes to the financial statements

1.3 Foreign Currencies

The clinical commissioning group's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the clinical commissioning group's surplus/deficit in the period in which they arise.

1.31 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the clinical commissioning group has no beneficial interest in them.

1.32 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).

1.33 Subsidiaries

Material entities over which the clinical commissioning group has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the clinical commissioning group or where the subsidiary's accounting date is not co-terminus. Subsidiaries that are classified as „held for sale“ are measured at the lower of their carrying amount or „fair value less costs to sell“.

1.34 Associates

Material entities over which the clinical commissioning group has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the clinical commissioning group's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the clinical commissioning group's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the clinical commissioning group from the entity.

Joint ventures that are classified as „held for sale“ are measured at the lower of their carrying amount or „fair value less costs to sell“.

1.35 Joint Ventures

Material entities over which the clinical commissioning group has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for using the equity method.

Joint ventures that are classified as „held for sale“ are measured at the lower of their carrying amount or „fair value less costs to sell“.

1.36 Joint Operations

Joint operations are activities undertaken by the clinical commissioning group in conjunction with one or more other parties but which are not performed through a separate entity. The clinical commissioning group records its share of the income and expenditure; gains and losses; assets and liabilities; and cash flows.

1.37 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.

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

The Government Financial Reporting Manual does not require the following Standards and Interpretations to be applied in 2014-15, all of which are subject to consultation:

- IFRS 9: Financial Instruments
- IFRS 13: Fair Value Measurement
- IFRS 14: Regulatory Deferral Accounts
- IFRS 15: Revenue for Contract with Customers

The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year.

2 Other Operating Revenue

	2014-15 Total £000	2014-15 Admin £000	2014-15 Programme £000	2013-14 Total £000
Recoveries in respect of employee benefits	92	0	92	47
Patient transport services	0	0	0	0
Prescription fees and charges	34	0	34	286
Dental fees and charges	0	0	0	0
Education, training and research	0	0	0	0
Charitable and other contributions to revenue expenditure: NHS	0	0	0	0
Charitable and other contributions to revenue expenditure: non-NHS	0	0	0	0
Receipt of donations for capital acquisitions: NHS Charity	0	0	0	0
Receipt of Government grants for capital acquisitions	0	0	0	0
Non-patient care services to other bodies	3,253	0	3,253	2,444
Income generation	0	0	0	0
Rental revenue from finance leases	0	0	0	0
Rental revenue from operating leases	0	0	0	373
Other revenue	58	6	52	0
Total other operating revenue	3,437	6	3,431	3,150

3 Revenue

	2014-15 Total £000	2014-15 Admin £000	2014-15 Programme £000	2013-14 Total £000
From rendering of services	3,437	6	3,431	3,150
From sale of goods	0	0	0	0
	3,437	6	3,431	3,150

Revenue is totally from the supply of services. North Lincolnshire Clinical Commissioning Group receives no revenue from the sale of goods.

4. Employee benefits and staff numbers

4.1.1 Employee benefits

	2014-15			Admin			Programme		
	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	963	963	0	826	826	0	137	137	0
Social security costs	98	98	0	85	85	0	13	13	0
Employer Contributions to NHS Pension scheme	124	124	0	105	105	0	19	19	0
Other pension costs	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	1,185	1,185	0	1,016	1,016	0	169	169	0
Less recoveries in respect of employee benefits (note 4.1.2)	(92)	(92)	0	0	0	0	(92)	(92)	0
Total - Net admin employee benefits including capitalised costs	1,093	1,093	0	1,016	1,016	0	77	77	0
Less: Employee costs capitalised	0	0	0	0	0	0	0	0	0
Net employee benefits excluding capitalised costs	1,093	1,093	0	1,016	1,016	0	77	77	0

	2013-14			Admin			Programme		
	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	890	888	2	808	806	2	81	81	0
Social security costs	88	88	0	80	80	0	8	8	0
Employer Contributions to NHS Pension scheme	115	115	0	105	105	0	11	11	0
Other pension costs	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	1,093	1,091	2	993	991	2	100	100	0
Less recoveries in respect of employee benefits (note 4.1.2)	(47)	(47)	0	0	0	0	(47)	(47)	0
Total - Net admin employee benefits including capitalised costs	1,046	1,044	2	993	991	2	53	53	0
Less: Employee costs capitalised	0	0	0	0	0	0	0	0	0
Net employee benefits excluding capitalised costs	1,046	1,044	2	993	991	2	53	53	0

4.1.2 Recoveries in respect of employee benefits

	2014-15			2013-14		
	Total £000	Permanent Employees £000	Other £000	Total £000	Permanent Employees £000	Other £000
Employee Benefits - Revenue						
Salaries and wages	(92)	(92)	0	(47)	(47)	0
Social security costs	0	0	0	0	0	0
Employer contributions to the NHS Pension Scheme	0	0	0	0	0	0
Other pension costs	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0
Termination benefits	0	0	0	0	0	0
Total recoveries in respect of employee benefits	(92)	(92)	0	(47)	(47)	0

4.2 Average number of people employed

	Total Number	2014-15 Permanently employed Number	Other Number	2013-14 Total Number
Total	17	17	0	15
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

	2014-15 Number	2013-14 Number
Total Days Lost	184	55
Total Staff Years	19	18
Average working Days Lost	9.7	3.1

Final figures are awaited from H.M.Treasury.

	2014-15 Number	2013-14 Number
Number of persons retired early on ill health grounds	0	0
	£000	£000
Total additional Pensions liabilities accrued in the year	0	0

Ill health retirement costs are met by the NHS Pension Scheme

4.4 Exit packages agreed in the financial year

No exit packages have been agreed in the year (2013-14 None).

4.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP 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 NHS Body of participating in the scheme is taken as equal to the contributions payable to the 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 the scheme liability is carried out annually by the scheme actuary 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2015, is based on valuation data as 31 March 2014, updated to 31 March 2015 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. 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 scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

4.5 Pension costs

4.5.3 Scheme Provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

- The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
- With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HM Revenue & Customs rules. This new provision is known as “pension commutation”;
- Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
- Early payment of a pension, with enhancement, is available to members of the Scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable;
- 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 the statement of comprehensive net expenditure at the time the clinical commissioning group commits itself to the retirement, regardless of the method of payment; and,
- Members can purchase additional service in the Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

5. Operating expenses

	2014-15 Total £000	2014-15 Admin £000	2014-15 Programme £000	2013-14 Total £000
Gross employee benefits				
Employee benefits excluding governing body members	697	528	169	660
Executive governing body members	489	489	0	433
Total gross employee benefits	1,186	1,017	169	1,093
Other costs				
Services from other CCGs and NHS England	3,824	2,288	1,536	4,398
Services from foundation trusts	126,154	39	126,115	119,741
Services from other NHS trusts	19,473	0	19,473	20,852
Services from other NHS bodies	2	0	2	516
Purchase of healthcare from non-NHS bodies	25,485	0	25,485	25,105
Chair and Non Executive Members	392	381	11	494
Supplies and services – clinical	79	0	79	103
Supplies and services – general	4,215	206	4,009	4,896
Consultancy services	30	0	30	1
Establishment	113	97	16	116
Transport	0	0	0	3
Premises	243	44	199	888
Impairments and reversals of receivables	0	0	0	0
Inventories written down	0	0	0	0
Depreciation	6	6	0	0
Amortisation	0	0	0	0
Impairments and reversals of property, plant and equipment	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets	0	0	0	0
· Assets carried at amortised cost	0	0	0	0
· Assets carried at cost	0	0	0	0
· Available for sale financial assets	0	0	0	0
Impairments and reversals of non-current assets held for sale	0	0	0	0
Impairments and reversals of investment properties	0	0	0	0
Audit fees	72	72	0	79
Other non statutory audit expenditure				
· Internal audit services	0	0	0	30
· Other services	0	0	0	21
General dental services and personal dental services	0	0	0	0
Prescribing costs	29,949	0	29,949	28,566
Pharmaceutical services	0	0	0	0
General ophthalmic services	0	0	0	0
GPMS/APMS and PCTMS	1,546	0	1,546	404
Other professional fees excl. audit	16	16	0	234
Grants to other public bodies	0	0	0	0
Clinical negligence	0	0	0	0
Research and development (excluding staff costs)	0	0	0	0
Education and training	21	10	11	17
Change in discount rate	0	0	0	0
Provisions	0	0	0	0
CHC Risk Pool contributions	302	0	302	0
Other expenditure	0	0	0	0
Total other costs	211,922	3,159	208,763	206,464
Total operating expenses	213,108	4,176	208,932	207,557

Explanatory Note

Services from foundation trusts Admin expenditure of £39k includes £25k for Internal Audit Services.

6.1 Better Payment Practice Code

Measure of compliance	2014-15 Number	2014-15 £000	2013-14 Number	2013-14 £000
Non-NHS Payables				
Total Non-NHS Trade invoices paid in the Year	7,579	36,735	6,350	30,774
Total Non-NHS Trade Invoices paid within target	7,228	34,046	6,074	29,038
Percentage of Non-NHS Trade invoices paid within target	95%	93%	96%	94%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,007	150,000	1,342	144,958
Total NHS Trade Invoices Paid within target	1,853	149,192	1,270	144,061
Percentage of NHS Trade Invoices paid within target	92%	99%	95%	99%

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

	2014-15 £000	2013-14 £000
Amounts included in finance costs from claims made under this legislation	0	0
	<u>0</u>	<u>0</u>
Total	<u>0</u>	<u>0</u>

7 Income Generation Activities

North Lincolnshire Clinical Commissioning Group does not undertake any income generation activities (31 March 2014: £Nil).

8. Investment revenue

North Lincolnshire Clinical Commissioning Group has not received any investment revenue in 2014-15 (31 March 2014: £Nil).

9. Other gains and losses

North Lincolnshire CCG had no other gains and losses to report for the year ended 31 March 2015 (31 March 2014: £Nil).

10. Finance costs

North Lincolnshire CCG had no other finance costs to report for the year ended 31 March 2015 (31 March 2014: £Nil).

11. Net gain/(loss) on transfer by absorption

North Lincolnshire Clinical Commissioning Group has not made any gain or loss on absorption in 2014 -15 (2013-14 £Nil).

12. Operating Leases

12.1 As lessee

12.1.1 Payments recognised as an Expense

	Land £000	Buildings £000	Other £000	2014-15 Total £000	2013-14 Total £000
Payments recognised as an expense					
Minimum lease payments	0	243	9	252	885
Contingent rents	0	0	0	0	0
Sub-lease payments	0	0	0	0	0
Total	0	243	9	252	885

Whilst our arrangements with Community Health Partnership's Limited and NHS Property Services Limited fall within the definition of operating leases, rental charge for future years has not yet been agreed. Consequently this note does not include future minimum lease payments for the arrangements only

12.2 As lessor

North Lincolnshire Clinical Commissioning Group holds no leases as a lessor (2013-14 None).

13 Property, plant and equipment

	Land £000	Buildings excluding dwellings £000	Dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
2014-15									
Cost or valuation at 1 April 2014	0	0	0	0	0	0	25	0	25
Addition of assets under construction and payments on account				0					0
Additions purchased	0	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Additions leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation gains	0	0	0	0	0	0	0	0	0
Impairments charged	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Transfer (to)/from other public sector body	0	0	0	0	0	0	0	0	0
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	0
Cost/Valuation At 31 March 2015	0	0	0	0	0	0	25	0	25
Depreciation 1 April 2014	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation gains	0	0	0	0	0	0	0	0	0
Impairments charged	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	6	0	6
Transfer (to)/from other public sector body	0	0	0	0	0	0	0	0	0
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	0
Depreciation at 31 March 2015	0	0	0	0	0	0	6	0	6
Net Book Value at 31 March 2015	0	0	0	0	0	0	19	0	19
Purchased	0	0	0	0	0	0	19	0	19
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	0	0	0	0	0	0	19	0	19
Asset financing:									
Owned	0	0	0	0	0	0	19	0	19
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP Lift contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
Total at 31 March 2015	0	0	0	0	0	0	19	0	19

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £000's	Buildings £000's	Dwellings £000's	Assets under construction & payments on account £000's	Plant & machinery £000's	Transport equipment £000's	Information technology £000's	Furniture & fittings £000's	Total £000's
Balance at 1 April 2014	0	0	0	0	0	0	0	0	0
Revaluation gains	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Release to general fund	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
At 31 March 2015	0	0	0	0	0	0	0	0	0

13 Property, plant and equipment cont'd

13.1 Additions to assets under construction

North Lincolnshire CCG had no assets under construction to report at 31 March 2015 (31 March 2014: £Nil).

13.2 Donated assets

North Lincolnshire CCG had no donated assets to report at 31 March 2015 (31 March 2014: £Nil).

13.3 Government granted assets

North Lincolnshire CCG had no government granted assets to report at 31 March 2015 (31 March 2014: £Nil).

13.4 Property revaluation

North Lincolnshire CCG had no property revaluations to report for the year ended 31 March 2015 (31 March 2014: £Nil).

13 Property, plant and equipment cont'd

13.5 Compensation from third parties

North Lincolnshire CCG has received no compensation from third parties for assets impaired, lost or given up in the year ended 31 March 2015 (31 March 2014: £Nil).

13.6 Write downs to recoverable amount

North Lincolnshire CCG has written down no assets to recoverable amounts in the year ended 31 March 2015 (31 March 2014: £Nil).

13.7 Temporarily idle assets

North Lincolnshire CCG had no temporary idle assets to report at 31 March 2015 (31 March 2014: £Nil).

13.8 Cost or valuation of fully depreciated assets

North Lincolnshire CCG had no fully depreciated assets to report at 31 March 2015 (31 March 2014: £Nil).

13.9 Economic lives

	Minimum Life (years)	Maximum Life (Years)
Buildings excluding dwellings	0	0
Dwellings	0	0
Plant & machinery	0	0
Transport equipment	0	0
Information technology	3	5
Furniture & fittings	0	0

14 Intangible non-current assets

North Lincolnshire Clinical Commissioning Group had no Intangible Assets as at the 31 March 2015 (31 March 2014: £Nil).

14.1 Donated assets

North Lincolnshire CCG had no donated assets to report at 31 March 2015 (31 March 2014: £Nil).

14.2 Government granted assets

North Lincolnshire CCG had no government granted assets to report at 31 March 2015 (31 March 2014: £Nil).

14.3 Revaluation

North Lincolnshire CCG had no asset revaluations to report at 31 March 2015 (31 March 2014: £Nil).

14.4 Compensation from third parties

North Lincolnshire CCG has received no compensation from third parties for assets impaired, lost or given up in the year ended 31 March 2015 (31 March 2014: £Nil).

14.5 Write downs to recoverable amount

North Lincolnshire CCG has written down no assets to recoverable amounts in the year ended 31 March 2015 (2013-14 £Nil).

14.6 Non-capitalised assets

There are no significant intangible assets controlled by the NHS North Lincolnshire Clinical Commissioning Group that are not recognised as assets because they didn't meet the recognition criteria of IAS 38 (2013-14 £Nil)

14.7 Temporarily idle assets

North Lincolnshire CCG had no temporary idle assets to report at 31 March 2015 (2013-14 £Nil).

14.8 Cost or valuation of fully amortised assets

North Lincolnshire CCG had no fully amortised assets to report at 31 March 2015 (2013-14 £Nil).

14.9 Economic lives

	Minimum Life (years)	Maximum Life (Years)
Computer software: purchased	0	0
Computer software: internally generated	0	0
Licences & trademarks	0	0
Patents	0	0
Development expenditure (internally generated)	0	0

15 Investment property

North Lincolnshire Clinical Commissioning Group had no investment property as at 31 March 2015 (31 March 2014: £Nil).

16 Inventories

North Lincolnshire CCG had no inventories as at 31 March 2015 (31 March 2014: £1k).

17 Trade and other receivables

	Current 2014-15 £000	Non-current 2014-15 £000	Current 2013-14 £000	Non-current 2013-14 £000
NHS receivables: Revenue	2,318	0	508	0
NHS receivables: Capital	0	0	0	0
NHS prepayments and accrued income	626	0	0	0
Non-NHS receivables: Revenue	230	0	175	0
Non-NHS receivables: Capital	0	0	0	0
Non-NHS prepayments and accrued income	53	0	10	0
Provision for the impairment of receivables	0	0	0	0
VAT	0	0	17	0
Private finance initiative and other public private partnership arrangement prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables	0	0	0	0
Total Trade & other receivables	3,227	0	710	0
Total current and non current	3,227		710	
Included above:				
Prepaid pensions contributions	0		0	

17.1 Receivables past their due date but not impaired

	2014-15 £000	2013-14 £000
By up to three months	7	21
By three to six months	12	27
By more than six months	144	0
Total	163	48

It has subsequently been agreed to credit £88k of the amount above to the customer after the statement of financial position date. An accrual for this value is reflected in these financial statements to reduce the reported level of income and receivables.

17.2 Provision for impairment of receivables

North Lincolnshire CCG made no provision for the impairment of receivable for the year ended 31 March 2015 (31 March 2014: £Nil).

18 Other financial assets

North Lincolnshire CCG had no other financial assets at 31 March 2015 (31 March 2014: £Nil).

19 Other current assets

North Lincolnshire CCG had no other current assets at 31 March 2015 (31 March 2014: £Nil).

20 Cash and cash equivalents

	2014-15	2013-14
	£000	£000
Balance at 1 April 2014	205	0
Net change in year	(128)	205
Balance at 31 March 2015	<u>77</u>	<u>205</u>
Made up of:		
Cash with the Government Banking Service	77	205
Cash with Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
Cash and cash equivalents as in statement of financial position	<u>77</u>	<u>205</u>
Bank overdraft: Government Banking Service	0	0
Bank overdraft: Commercial banks	0	0
Total bank overdrafts	<u>0</u>	<u>0</u>
Balance at 31 March 2015	<u>77</u>	<u>205</u>
Patients' money held by the clinical commissioning group, not included above	0	0

21 Non-current assets held for sale

North Lincolnshire CCG had no Non-current assets held for sale at 31 March 2015 (31 March 2014: £Nil).

22 Analysis of impairments and reversals

North Lincolnshire CCG had no impairments or reversals to report at 31 March 2015 (31 March 2014: £Nil).

23 Trade and other payables	Current 2014-15 £000	Non-current 2014-15 £000	Current 2013-14 £000	Non-current 2013-14 £000
Interest payable	0	0	0	0
NHS payables: revenue	752	0	3,186	0
NHS payables: capital	0	0	0	0
NHS accruals and deferred income	1,666	0	(1,144)	0
Non-NHS payables: revenue	1,527	0	1,150	0
Non-NHS payables: capital	0	0	0	0
Non-NHS accruals and deferred income	8,717	0	8,637	0
Social security costs	17	0	17	0
VAT	0	0	0	0
Tax	25	0	24	0
Payments received on account	0	0	0	0
Other payables	466	0	287	0
Total Trade & Other Payables	13,170	0	12,157	0
Total current and non-current	<u>13,170</u>		<u>12,157</u>	

Other payables include £23.3k outstanding pension contributions at 31 March 2015.

24 Other financial liabilities

North Lincolnshire CCG had no other financial liabilities to report at 31 March 2015 (31 March 2014: £Nil).

25 Other liabilities

North Lincolnshire CCG had no other liabilities to report at 31 March 2015 (31 March 2014: £Nil).

26 Borrowings

North Lincolnshire CCG had no borrowings at 31 March 2015 (31 March 2014: £Nil).

27 Private finance initiative, LIFT and other service concession arrangements

North Lincolnshire CCG had no private finance initiative, LIFT and other service concession arrangements at 31 March 2015 (31 March 2014: £Nil).

28 Finance lease obligations

North Lincolnshire CCG had no finance lease obligations at 31 March 2015 (31 March 2014: £Nil).

29 Finance lease receivables

North Lincolnshire CCG had no finance lease receivables to report at 31 March 2015 (31 March 2014: £Nil).

30 Provisions

North Lincolnshire CCG had no provisions to report at 31 March 2015 (31 March 2014: £Nil).

Pension payments are made quarterly and amounts are known. The pension provision is based on life expectancy.

Legal claims are calculated from the number of claims currently lodged with the NHS Litigation Authority and the probabilities provided by them.

31 Contingencies

North Lincolnshire CCG had no contingencies to report at 31 March 2015 (31 March 2014: £Nil).

32 Commitments

North Lincolnshire CCG had no capital or other financial commitments to report at 31 March 2015 (31 March 2014: £Nil).

33 Financial instruments

33.1 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.

33.1.1 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.

33.1.2 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.

33.1.3 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.

33.1.3 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.

33 Financial instruments cont'd**33.2 Financial assets**

	At 'fair value through profit and loss' 2014-15 £000	Loans and Receivables 2014-15 £000	Available for Sale 2014-15 £000	Total 2014-15 £000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	2,318	0	2,318
· Non-NHS	0	230	0	230
Cash at bank and in hand	0	77	0	77
Other financial assets	0	0	0	0
Total at 31 March 2015	0	2,625	0	2,625

	At „fair value through profit and loss“ 2013-14 £000	Loans and Receivables 2013-14 £000	Available for Sale 2013-14 £000	Total 2013-14 £000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	508	0	508
· Non-NHS	0	175	0	175
Cash at bank and in hand	0	205	0	205
Other financial assets	0	0	0	0
Total at 31 March 2015	0	888	0	888

33.3 Financial liabilities

	At 'fair value through profit and loss' 2014-15 £000	Other 2014-15 £000	Total 2014-15 £000
Embedded derivatives	0	0	0
Payables:			
· NHS	0	2,418	2,418
· Non-NHS	0	10,710	10,710
Private finance initiative, LIFT and finance lease obligations	0	0	0
Other borrowings	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2015	0	13,128	13,128

	At „fair value through profit and loss“ 2013-14 £000	Other 2013-14 £000	Total 2013-14 £000
Embedded derivatives	0	0	0
Payables:			
· NHS	0	2,042	2,042
· Non-NHS	0	9,787	9,787
Private finance initiative, LIFT and finance lease obligations	0	0	0
Other borrowings	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2015	0	11,829	11,829

34 Operating segments

	Gross expenditure £'000	Income £'000	Net expenditure £'000	Total assets £'000	Total liabilities £'000	Net assets £'000
Commissioning of Healthcare Services	213,108 0	(3,436) 0	209,672 0	3,324 0	(13,170) 0	(9,846) 0
Total	213,108	(3,436)	209,672	3,324	(13,170)	(9,846)

Reconciliation between Operating Segments and SoCNE

	31-Mar-15 £'000
Total net expenditure reported for operating segments	209,672
Reconciling items: Commissioning of Healthcare Services	0
Total net expenditure per the Statement of Comprehensive Net Expenditure	209,673

Reconciliation between Operating Segments and SoFP

	31-Mar-15 £'000
Total assets reported for operating segments	3,324
Reconciling items: Commissioning of Healthcare Services	0
Total assets per Statement of Financial Position	3,324

	31-Mar-15 £'000
Total liabilities reported for operating segments	(13,170)
Reconciling items: Commissioning of Healthcare Services	0
Total liabilities per Statement of Financial Position	(13,170)

35 Pooled budgets

The NHS Clinical Commissioning Group shares of the income and expenditure handled by the pooled budget in the financial year were:

	2014-15 £000	2013-14 £000
Income	14,250	14,110
Expenditure	(14,790)	(14,920)

NHS North Lincolnshire CCG has a pooled budget arrangement with North Lincolnshire Council for Adult Mental Health Services. This is hosted by NHS North Lincolnshire CCG. The memorandum account for the pooled budget is:

Memorandum Account for the Adult Mental Health Pooled Budget for the period 1 April 2014 to 31 March 2015

	2014/15 £000	2013/14 £000
Gross Funding		
NHS North Lincolnshire CCG	12,066	11,876
North Lincolnshire Council	2,184	2,234
	<u>14,250</u>	<u>14,110</u>

Expenditure

Rotherham, Doncaster and South Humber Mental Health NHS Foundation Trust	11,901	12,061
North Lincolnshire Council Adult Mental Health Services	2,579	2,583
Contribution to North Lincolnshire Council Social Care Services (Sandfield)	119	119
Challenge Fund	83	83
Contingency	35	-
MIND	73	74
Total Expenditure	<u>14,790</u>	<u>14,920</u>

Net Underspend/(Overspend)

	<u>(540)</u>	<u>(810)</u>
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The Adult Mental Health Pooled Budget has been established under Section 75 (NHS Act 2006) partnership arrangements for the commissioning of integrated services. NHS North Lincolnshire CCG is the lead for the Mental Health Services pooled budget.

Learning Disability Pooled Budget

NHS North Lincolnshire CCG is a partner in the Learning Disability Pooled Budget arrangements hosted by North Lincolnshire Council. The CCG has contributed £374k in 2014-15 to the Learning Disability pool (£380k in 2013-14). The CCG contributed £43,063 for the CTLD Manager in 2014-15.

From 2015-16 the Pooled Budget will include the Better Care Fund.

36 NHS Lift investments

North Lincolnshire CCG had no NHS LIFT investments to report at 31 March 2015 (31 March 2014: £Nil).

37 Intra-government and other balances

	Current Receivables 2014-15 £000	Non-current Receivables 2014-15 £000	Current Payables 2014-15 £000	Non-current Payables 2014-15 £000
Balances with:				
· Other Central Government bodies	2	0	66	0
· Local Authorities	221	0	884	0
Balances with NHS bodies:				
· NHS bodies outside the Departmental Group	50	0	188	0
· NHS Trusts and Foundation Trusts	2,894	0	2,230	0
Total of balances with NHS bodies:	<u>2,944</u>	<u>0</u>	<u>2,418</u>	<u>0</u>
· Public corporations and trading funds	0	0	0	0
· Bodies external to Government	60	0	9,802	0
Total balances at 31 March 2015	<u>3,227</u>	<u>0</u>	<u>13,170</u>	<u>0</u>

	Current Receivables 2013-14 £000	Non-current Receivables 2013-14 £000	Current Payables 2013-14 £000	Non-current Payables 2013-14 £000
Balances with:				
· Other Central Government bodies	0	0	66	0
· Local Authorities	86	0	145	0
Balances with NHS bodies:				
· NHS bodies outside the Departmental Group	140	0	133	0
· NHS Trusts and Foundation Trusts	368	0	1,909	0
Total of balances with NHS bodies:	<u>508</u>	<u>0</u>	<u>2,042</u>	<u>0</u>
· Public corporations and trading funds	0	0	0	0
· Bodies external to Government	116	0	9,904	0
Total balances at 31 March 2014	<u>710</u>	<u>0</u>	<u>12,157</u>	<u>0</u>

38 Related party transactions

Details of related party transactions with individuals are as follows:

	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
DECLARATION OF INTEREST NORTH LINCOLNSHIRE CCG GOVERNING BODY				
Mrs A Cooke				
Chief Officer				
Partner Governor for Rotherham, Doncaster & South Humber NHS Foundation Trust	13,586	157	0	30
Dr M L Sanderson				
CCG Chair				
Partner at Trent View Medical Practice.	2,323	1	0	0
Husband is a Consultant employed by Northern Lincolnshire & Goole Hospitals NHS Foundation Trust.	106,589	0	0	0
Mrs T Paskell				
Chief Finance Officer & Business Support				
Husband is Deputy Director of Finance at Doncaster and Bassetlaw Hospitals NHS Foundation Trust.	3,038	0	0	0
Governor of Sheffield Teaching Hospitals FT	1,345	0	0	0
Dr R M Jaggs-Fowler				
GP Member/Medical Director				
Partner in Dr Jaggs-Fowler & Partners, Barton & Humber.	3,159	0	0	0
Mrs Caroline Briggs				
Director of Commissioning				
Partner Governor of Northern Lincolnshire & Goole NHS Foundation Trust	106,589	0	0	0
Dr A Lee				
GP Member				
Partner of West Common Lane Teaching Practice, Scunthorpe	720	0	0	0
Dr N Stewart				
GP Member				
Partner in Church Lane Medical Centre, Scunthorpe	1,641	0	0	0
Wife works as a Community Staff nurse for Northern Lincolnshire & Goole NHS Foundation Trust	106,589	0	0	0
Dr J Mbugua				
GP Member				
Partner in Cambridge Avenue Medical Centre, Scunthorpe	2,660	0	0	0
Partner in Trent View Practice	2,323	1	0	0
Work in Dermatology & the OOH GP unit at Northern Lincolnshire & Goole NHS Foundation Trust	106,589	0	0	0
Wife works as a Nurse at Northern Lincolnshire & Goole FT	106,589	0	0	0
Mr I Reekie				
Lay Member				
Wife works as a receptionist at the private Spire - Hull & East Riding Hospital.	800	0	0	0
Dr F MacMillan				
GP Member				
Partner in Dr Jaggs-Fowler & Partners, Barton & Humber	3,159	0	0	0

Explanatory Note

The payments to related parties listed above are the total value of expenditure between the CCG and the named organisation rather than transactions attributable to the listed individual. The purpose is to report total expenditure that could be influenced with the identified supplier.

38 Related party transactions (contd)

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

·	NHS England (including NHS Yorkshire and Humber Commissioning Support Units);	NHS Commissioning Board NHS North East Lincolnshire CCG
·	NHS Trusts	East Midlands Ambulance Service NHS Trust Hull & East Yorkshire Hospitals NHS Trust Leeds Teaching Hospitals NHS Trust Lincolnshire Community Health Services NHS Trust Mid Yorkshire Hospitals NHS Trust Nottingham University Hospitals NHS Trust United Lincolnshire Hospitals NHS Trust Yorkshire Ambulance Service NHS Trust
·	NHS Foundation Trusts	Derby Hospitals NHS Foundation Trust Doncaster & Bassetlaw Hospitals NHS Foundation Trust Harrogate & District NHS Foundation Trust Humber NHS Foundation Trust Northern Lincolnshire & Goole NHS Foundation Trust Rotherham Doncaster & South Humber NHS Foundation Trust Sheffield Children's NHS Foundation Trust Sheffield Teaching Hospitals NHS Foundation Trust University College London Hospitals NHS Foundation Trust York Teaching Hospital NHS Foundation Trust
·	NHS Litigation Authority; and,	
·	NHS Business Services Authority.	
·	NHS Property Services	

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

North Lincolnshire Council
HM Revenue and Customs
National Insurance Fund

39 Events after the end of the reporting period

There are no post balance sheet events which will have a material effect on the financial statements of North Lincolnshire Clinical Commissioning Group.

40 Losses and special payments

North Lincolnshire CCG had no losses or special payments to report at 31 March 2015 (31 March 2014: £Nil).

41 Third party assets

	2014-15	2013-14
	£'000	£'000
Third party assets held by North Lincolnshire CCG	0	0

42 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:

	2014-15	2014-15	2013-14	2013-14
	Target	Performance	Target	Performance
Expenditure not to exceed income	217,755	213,109	211,584	207,556
Capital resource use does not exceed the amount specified in Directions	0	0	25	25
Revenue resource use does not exceed the amount specified in Directions	214,319	209,673	208,409	204,406
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	4,371	4,169	4,230	4,192

43 Impact of IFRS

North Lincolnshire CCG had no impact to report in relation to IFRS at 31 March 2015 (31 March 2014: £Nil).

44 Analysis of charitable reserves

North Lincolnshire CCG had no charitable funds to report at 31 March 2015 (31 March 2014: £Nil).

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10. Audit Opinion and Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS NORTH LINCOLNSHIRE CCG

We have audited the financial statements of NHS North Lincolnshire Clinical Commissioning Group for the year ended 31 March 2015 on pages 100 to 142, comprising the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Changes in Taxpayers Equity, Statement of Cash Flows and related notes. These financial statements have been prepared under applicable law and the accounting policies directed by NHS England with the consent of the Secretary of State as relevant to the Clinical Commissioning Groups in England. We have also audited the information in the Remuneration Report that is subject to audit.

This report is made solely to the Members of North Lincolnshire CCG, as a body, in accordance with Part II of the Audit Commission Act 1998. Our audit work has been undertaken so that we might state to the Members of the CCG, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the CCG, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, set out on page 75, the Accountable Officer is responsible for the preparation of financial statements which 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 CCG's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer, and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on regularity

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the CCG as at 31 March 2015 and of its net operating expenditure for the year then ended; and



- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State as relevant to Clinical Commissioning Groups in England.

Opinion on other matters prescribed by the Code of Audit Practice 2010 for local NHS bodies

In our opinion:

- the part of the Remuneration Report subject to audit has been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State as relevant to Clinical Commissioning Groups in England; and
- the information given in the Strategic Report and Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice 2010 for local NHS bodies requires us to report to you if:

- in our opinion, the Governance Statement does not reflect compliance with NHS England's Guidance;
- any referrals to the Secretary of State have been made under section 19 of the Audit Commission Act 1998; or
- any matters have been reported in the public interest under the Audit Commission Act 1998 in the course of, or at the end of, the audit.

Conclusion on the CCG's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the CCG and auditor

The CCG is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the CCG has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the CCG has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our work in accordance with the Code of Audit Practice 2010 for local NHS bodies, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the CCG has proper arrangements for:



- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice 2010 for local NHS bodies in satisfying ourselves whether the CCG put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned and performed our work in accordance with the Code of Audit Practice 2010 for local NHS bodies. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all material respects, the CCG had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all material respects, NHS North Lincolnshire CCG put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of NHS North Lincolnshire CCG in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice 2010 for local NHS bodies issued by the Audit Commission.



John Graham Prentice
for, and on behalf of, KPMG LLP Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
LS1 4DW

27 May 2015