

Approval of NHS Sheffield CCG Audited Financial Accounts for 2018/19

Governing Body meeting

C

23 May 2019

Author(s)	Jackie Mills, Deputy Director of Finance
Sponsor Director	Julia Newton, Director of Finance
Purpose of Paper	
This report presents Governing Body with the final audited accounts for 2018/19 for approval.	
Key Issues	
The draft accounts were presented to and adopted at the Governing Body meeting on 2 May 2019. KPMG, the CCG's external auditors, have now completed their review of the financial statements. The final audited accounts are presented to this meeting for approval.	
Is your report for Approval / Consideration / Noting	
Approval and Noting	
Recommendations / Action Required by Governing Body	
<p>The Governing Body is asked to:</p> <ul style="list-style-type: none"> • Approve and adopt the final audited accounts for the financial year 2018/19 • Approve that the Chair and Accountable Officer sign the Letter of Management Representations on behalf of the Governing Body. 	
Governing Body Assurance Framework	
<p><i>Which of the CCG's objectives does this paper support?</i></p> <p>Strategic Objective - To ensure there is a sustainable, affordable healthcare system in Sheffield. It supports management of the CCG's principal risks 3.1, 4.1, 4.2 and 4.3 in the Assurance Framework.</p>	
Are there any Resource Implications (including Financial, Staffing etc)?	
None	
Have you carried out an Equality Impact Assessment and is it attached?	
<p><i>Please attach if completed. Please explain if not, why not</i></p> <p>Not applicable</p>	

Have you involved patients, carers and the public in the preparation of the report?

Not applicable

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1. Introduction

The draft accounts were presented to the Governing Body meeting on 2 May 2019. The accompanying paper to the draft accounts included a narrative to support understanding of the key issues in relation to the information presented in the accounts.

At the time of writing this paper, KPMG have completed a substantive part their review of the accounts and annual report. I am pleased to report that no significant changes have been identified. A copy of the final audited accounts is attached at Appendix A. A summary of the minor changes made to the draft accounts adopted by Governing Body on 2 May is provided in section 2 below.

The accounts and auditors opinion will be considered at the meeting of the CCG's Audit and Integrated Governance Committee (AIGC) on 23 May (the same day as the Governing Body meeting). A verbal update will be provided by the Chair of the AIGC at the Governing Body meeting. The Chair of AIGC will confirm the recommendations of the AIGC to the Governing Body.

2. Issues arising at Audit

One minor change to expenditure has been agreed as part of the auditors review. This relates to an accrual for the audit of the CCG's compliance with the requirements of the Mental Health Investment Standard in 2018/19 and 2017/18 (£10k). The CCG received an allocation to fund this work in 2018/19. Unfortunately, due to national delays in agreeing the specification, we have not yet agreed a fee for, or the timing of, the review. We have now received guidance that despite the delay, it is appropriate to account for this expenditure in the 2018/19 accounts. We have adjusted the accounts which now reflect an in-year surplus of £17k (compared to £27k previously reported).

Other minor changes agreed:

Changes agreed with Auditors following review of Draft Accounts	Accounting Note affected:
Correction to date from 2018 to 2017 for prior year note	Statement of Changes In Taxpayers Equity
Grammar corrections	Note 1 (1.3, 1.10.2, 1.15, 1.18.3,1.18.4, 1.19.3) Accounting Policies
Update of NHS receivables paid post the statement of financial position date	Note 9.1 Receivables past their due date but not impaired
Addition of cross reference to prior year comparatives	Note 15.2 & 15.3 Financial Instruments
Grammar corrections and amendment to text	Note 17 Pooled Budgets

3. Audit Opinion

Prior to signing their audit report on the CCG's accounts, KPMG are required to issue a report to those charged with governance which sets out the findings from their audit (referred to as the 'ISA 260' report). The purpose of this report is to ensure that the governing body is aware of and has considered any issues arising from the audit before approving and adopting the annual report and accounts. KPMG's ISA 260 report in relation to the 2018/19 accounts will be considered in detail at the AIGC meeting. However, in summary, two main issues have been highlighted in the ISA260 report:

- In testing for the Value for Money opinion, Auditors have to consider the outcomes of relevant regulatory reviews in reaching their conclusion. KPMG have therefore noted that an independent review of the CCG was commissioned by NHSE in November 2018. The ISA260 report concludes that overall, whilst a number of recommendations and areas for improvement has been identified, none of the individual findings were considered of sufficient magnitude to impact the VFM opinion which remains unqualified.
- There is one unadjusted audit difference that is reported in the ISA260. This relates to the accounting treatment of a credit note received from Sheffield Teaching Hospitals (STH) in April 2019. KPMG have recommended that this is netted off STH payable balance in Trade and Other Payables. However, in line with Agreement of Balances guidance, this has been included under the accruals section (and because negative balances are not permitted on the forms, is required to be shown under Accrued Income in Trade and Other Receivables). Given the requirement that the CCG accounts are consistent with the CCG summarisation schedules, we have agreed with the auditors that we will not change the presentation and as a result this will be recorded as an unadjusted audit difference.

Overall the ISA260 confirms that KPMG, as our external auditors,

- expect to be in a position to issue an unqualified opinion on our accounts, following adoption of the accounts by the Governing Body and receipt of our letter of management representations (see note below).
- have concluded that the CCG has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

Before the auditors sign their audit report they are required to ask the Governing Body to review and discuss a Letter of Representation (attached at Appendix B). This is a formal letter to the auditors from the governing body covering matters the auditors want confirmation on. AIGC will review the letter and make a recommendation to the Governing Body as to whether this should be signed by the Chair and Acting Accountable Officer.

4. Next Steps

Following confirmation that the Governing Body has adopted the accounts and the letter of management representations has been approved by the Governing Body and signed by the Chair and Acting Accountable Officer, the final audited financial statements will be submitted to NHS England by 9.00 am on 29 May 2019.

5. Recommendations

The Governing Body is asked to:

- Approve and adopt the final audited accounts for the financial year 2018/19
- Recommend that the Accountable Officer and Chair sign the Letter of Management Representations on behalf of the Governing Body.

Paper prepared by: Jackie Mills, Deputy Director of Finance

On behalf of: Julia Newton, Director of Finance

May 2019

Annual Accounts for the Period
1st April 2018
to 31st March 2019

FOREWORD TO THE ACCOUNTS

NHS SHEFFIELD CLINICAL COMMISSIONING GROUP

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

These accounts for the year ended 31 March 2019 have been prepared by NHS Sheffield Clinical Commissioning Group under section 17 of schedule 1A of the National Health Service Act 2006 (as amended by the Health & Social Care Act 2012) in the form which the Secretary of State has, with the approval of the Treasury, directed.

The National Health Service Act 2006 (as amended by the Health & Social Care Act 2012) requires Clinical Commissioning Groups to prepare their Annual Accounts in accordance with directions issued by NHS England with the approval of the Secretary of State.

NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

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NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

Statement of Comprehensive Net Expenditure for the year ended
31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Income from sale of goods and services	2	(2,659)	(2,880)
Other operating income	2	(463)	(2,383)
Total operating income		(3,122)	(5,263)
Staff costs	4	17,213	15,184
Purchase of goods and services	5	862,041	837,498
Depreciation and impairment charges	5	59	35
Provision expense	5	(5)	5
Other Operating Expenditure	5	733	493
Total operating expenditure		880,041	853,215
Net Operating Expenditure		876,919	847,952
Finance income		-	-
Finance expense		-	-
Net expenditure for the year		876,919	847,952
Net (Gain)/Loss on Transfer by Absorption		-	-
Total Net Expenditure for the Financial Year		876,919	847,952
Other Comprehensive Expenditure			
<u>Items which will not be reclassified to net operating costs</u>			
Net (gain)/loss on revaluation of PPE		-	-
Net (gain)/loss on revaluation of Intangibles		-	-
Net (gain)/loss on revaluation of Financial Assets		-	-
Actuarial (gain)/loss in pension schemes		-	-
Impairments and reversals taken to Revaluation Reserve		-	-
<u>Items that may be reclassified to Net Operating Costs</u>			
Net gain/loss on revaluation of available for sale financial assets		-	-
Reclassification adjustment on disposal of available for sale financial assets		-	-
Sub total		-	-
Comprehensive Expenditure for the year		876,919	847,952

The notes on pages 5 to 27 form part of this statement.

NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

Statement of Financial Position as at
31 March 2019

	2018-19	2017-18
Note	£'000	£'000
Non-current assets:		
Property, plant and equipment	8 <u>321</u>	<u>260</u>
Total non-current assets	<u>321</u>	<u>260</u>
Current assets:		
Trade and other receivables	9 11,432	5,655
Cash and cash equivalents	10 <u>139</u>	<u>180</u>
Total current assets	<u>11,571</u>	<u>5,835</u>
Total assets	<u>11,892</u>	<u>6,095</u>
Current liabilities		
Trade and other payables	11 (48,865)	(42,501)
Provisions	12 <u>-</u>	<u>(5)</u>
Total current liabilities	<u>(48,865)</u>	<u>(42,506)</u>
Assets less Liabilities	<u>(36,973)</u>	<u>(36,411)</u>
Financed by taxpayers' equity		
General fund	<u>(36,973)</u>	<u>(36,411)</u>
Total taxpayers' equity:	<u>(36,973)</u>	<u>(36,411)</u>

The notes on pages 5 to 27 form part of this statement.

The financial statements on pages 1 to 4 were approved by the Governing Body on 23rd May 2019 and signed on its behalf by:

Accountable Officer
Maddy Ruff

NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

Statement of Changes In Taxpayers Equity for the year ended
31 March 2019

	General fund £'000	Revaluation reserve £'000	Other reserves £'000	Total reserves £'000
Changes in taxpayers' equity for 2018-19				
Balance at 01 April 2018	(36,411)	-	-	(36,411)
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	-	-	-
Impact of applying IFRS 9 to Opening Balances	(2)	-	-	(2)
Impact of applying IFRS 15 to Opening Balances	-	-	-	-
Adjusted NHS Clinical Commissioning Group balance at 31 March 2018	(36,413)	-	-	(36,413)
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2018-19				
Net operating expenditure for the financial year	(876,919)	-	-	(876,919)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	-
Net gain/(loss) on revaluation of intangible assets	-	-	-	-
Net gain/(loss) on revaluation of financial assets	-	-	-	-
Total revaluations against revaluation reserve	-	-	-	-
Net gain (loss) on available for sale financial assets	-	-	-	-
Net gain/(loss) on revaluation of other investments and Financial Assets (excluding available for sale financial assets)	-	-	-	-
Net gain (loss) on revaluation of assets held for sale	-	-	-	-
Impairments and reversals	-	-	-	-
Net actuarial gain (loss) on pensions	-	-	-	-
Movements in other reserves	-	-	-	-
Transfers between reserves	-	-	-	-
Release of reserves to the Statement of Comprehensive Net Expenditure	-	-	-	-
Reclassification adjustment on disposal of available for sale financial assets	-	-	-	-
Transfers by absorption to (from) other bodies	-	-	-	-
Reserves eliminated on dissolution	-	-	-	-
Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year	(876,919)	-	-	(876,919)
Net funding	876,359	-	-	876,359
Balance at 31 March 2019	(36,973)	-	-	(36,973)
Changes in taxpayers' equity for 2017-18				
Balance at 01 April 2017	(37,067)	-	-	(37,067)
Transfer of assets and liabilities from closed NHS bodies as a result of the 1 April 2013 transition	-	-	-	-
Adjusted NHS Clinical Commissioning Group balance at 31 March 2017	(37,067)	-	-	(37,067)
Changes in NHS Clinical Commissioning Group taxpayers' equity for 2017-18				
Net operating costs for the financial year	(847,952)	-	-	(847,952)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	-
Net gain/(loss) on revaluation of intangible assets	-	-	-	-
Net gain/(loss) on revaluation of financial assets	-	-	-	-
Total revaluations against revaluation reserve	-	-	-	-
Net gain (loss) on available for sale financial assets	-	-	-	-
Net gain (loss) on revaluation of assets held for sale	-	-	-	-
Impairments and reversals	-	-	-	-
Net actuarial gain (loss) on pensions	-	-	-	-
Movements in other reserves	-	-	-	-
Transfers between reserves	-	-	-	-
Release of reserves to the Statement of Comprehensive Net Expenditure	-	-	-	-
Reclassification adjustment on disposal of available for sale financial assets	-	-	-	-
Transfers by absorption to (from) other bodies	-	-	-	-
Reserves eliminated on dissolution	-	-	-	-
Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year	(847,952)	-	-	(847,952)
Net funding	848,608	-	-	848,608
Balance at 31 March 2018	(36,411)	-	-	(36,411)

The notes on pages 5 to 27 form part of this statement.

NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

Statement of Cash Flows for the year ended
31 March 2019

	Note	2018-19 £'000	2017-18 £'000
Cash Flows from Operating Activities			
Net operating expenditure for the financial year		(876,919)	(847,952)
Depreciation and amortisation	5	59	35
Impairments and reversals	5	-	-
Non-cash movements arising on application of new accounting standards		(2)	-
Movement due to transfer by Modified Absorption		-	-
Other gains (losses) on foreign exchange		-	-
Donated assets received credited to revenue but non-cash		-	-
Government granted assets received credited to revenue but non-cash		-	-
Interest paid		-	-
Release of PFI deferred credit		-	-
Other Gains & Losses		-	-
Finance Costs		-	-
Unwinding of Discounts		-	-
(Increase)/decrease in inventories		-	-
(Increase)/decrease in trade & other receivables	9	(5,777)	1,977
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in trade & other payables	11	6,338	(2,518)
Increase/(decrease) in other current liabilities		-	-
Provisions utilised	12	-	-
Increase/(decrease) in provisions	12	(5)	5
Net Cash Inflow (Outflow) from Operating Activities		(876,306)	(848,453)
Cash Flows from Investing Activities			
Interest received		-	-
(Payments) for property, plant and equipment		(94)	(116)
(Payments) for intangible assets		-	-
(Payments) for investments with the Department of Health		-	-
(Payments) for other financial assets		-	-
(Payments) for financial assets (LIFT)		-	-
Proceeds from disposal of assets held for sale: property, plant and equipment		-	-
Proceeds from disposal of assets held for sale: intangible assets		-	-
Proceeds from disposal of investments with the Department of Health		-	-
Proceeds from disposal of other financial assets		-	-
Proceeds from disposal of financial assets (LIFT)		-	-
Non-cash movements arising on application of new accounting standards		-	-
Loans made in respect of LIFT		-	-
Loans repaid in respect of LIFT		-	-
Rental revenue		-	-
Net Cash Inflow (Outflow) from Investing Activities		(94)	(116)
Net Cash Inflow (Outflow) before Financing		(876,400)	(848,569)
Cash Flows from Financing Activities			
Grant in Aid Funding Received		876,359	848,608
Other loans received		-	-
Other loans repaid		-	-
Capital element of payments in respect of finance leases and on Statement of Financial Position PFI and LIFT		-	-
Capital grants and other capital receipts		-	-
Capital receipts surrendered		-	-
Non-cash movements arising on application of new accounting standards		-	-
Net Cash Inflow (Outflow) from Financing Activities		876,359	848,608
Net Increase (Decrease) in Cash & Cash Equivalents	10	(41)	39
Cash & Cash Equivalents at the Beginning of the Financial Year		180	141
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		-	-
Cash & Cash Equivalents (including bank overdrafts) at the End of the Financial Year		139	180

The notes on pages 5 to 27 form part of this statement.

Notes to the financial statements

1 **Accounting Policies**

NHS England has directed that the financial statements of clinical commissioning groups shall meet the accounting requirements of the Group Accounting Manual issued by the Department of Health and Social Care. Consequently, the following financial statements have been prepared in accordance with the Group Accounting Manual 2018-19 issued by the Department of Health and Social Care. The accounting policies contained in the Group Accounting Manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to clinical commissioning groups, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Group Accounting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the clinical commissioning group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the clinical commissioning group are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 **Going Concern**

These accounts have been prepared on a 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 **Joint arrangements**

Arrangements over which the clinical commissioning group has joint control with one or more other entities are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement. A joint arrangement is either a joint operation or a joint venture.

A joint operation exists where the parties that have joint control have rights to the assets and obligations for the liabilities relating to the arrangement. Where the clinical commissioning group is a joint operator it recognises its share of assets, liabilities, income and expenses in its own accounts.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are recognised as an investment and accounted for using the equity method.

1.4 **Pooled Budgets**

The clinical commissioning group has entered into a pooled budget arrangement with Sheffield City Council [in accordance with section 75 of the NHS Act 2006]. Under the arrangement, funds are pooled for healthcare activities and a note to the accounts provides details of the income and expenditure.

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

1.5 **Operating Segments**

Income and expenditure are analysed in the Operating Segments note and are reported in line with management information used within the clinical commissioning group.

1.6 **Revenue**

The transition to IFRS 15 has been completed in accordance with paragraph C3 (b) of the Standard, applying the Standard retrospectively recognising the cumulative effects at the date of initial application.

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- As per paragraph 121 of the Standard the clinical commissioning group will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The clinical commissioning group is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the clinical commissioning group to reflect the aggregate effect of all contracts modified before the date of initial application.

NHS Sheffield Clinical Commissioning Group are the host for several admin and clinical service functions including Procurement, HR, Individual Funding Requests and Working Together. The provision of these services to other local clinical commissioning groups is the main source of income for NHS Sheffield Clinical Commissioning Group.

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

Payment terms are standard reflecting cross government principles.

The value of the benefit received when the clinical commissioning group accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.7 **Employee Benefits**

1.7.1 **Short-term Employee Benefits**

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, 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.

1.7.2 Retirement Benefit Costs

Past and present employees are covered by the provisions of the NHS Pensions Schemes. These schemes are unfunded, defined benefit schemes that cover NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to the clinical commissioning group of participating in a 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.

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.8 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.

1.9 Grants Payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, the clinical commissioning group recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

1.10 Property, Plant & Equipment

1.10.1 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.

1.10.2 Measurement

All property, plant and equipment is 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.

Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

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.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

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.

1.10.3 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.

1.11 Depreciation, Amortisation & Impairments

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 property, plant and equipment 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.

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.

1.12 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.

1.12.1 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.

1.12.2 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.

1.13 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.

1.14 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:

Early retirement provisions are discounted using HM Treasury's pension discount rate of positive 0.29% (2017-18: positive 0.10%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cash flows from the Statement of Financial Position date:

- A nominal short-term rate of 0.76% (2017-18: negative 2.42% in real terms) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 1.14% (2017-18: negative 1.85% in real terms) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99% (2017-18: negative 1.56% in real terms) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 1.99% (2017-18: negative 1.56% in real terms) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

All 2018-19 percentages are expressed in nominal terms with 2017-18 being the last financial year that HM Treasury provided real general provision discount rates.

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.

1.15 Clinical Negligence Costs

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

1.16 Non-clinical Risk Pooling

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

1.17 Contingent liabilities and contingent assets

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, contingent liabilities and contingent assets are disclosed at their present value.

1.18 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 amortised cost;
- Financial assets at fair value through other comprehensive income and ;
- Financial assets at fair value through profit and loss.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.18.1 **Financial Assets at Amortised cost**

Financial assets measured at amortised cost are those held within a business model whose objective is achieved by collecting contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables and other simple debt instruments. After initial recognition these financial assets are measured at amortised cost using the effective interest method less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.18.2 **Financial assets at fair value through other comprehensive income**

Financial assets held at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

1.18.3 **Financial assets at fair value through profit and loss**

Financial assets measured at fair value through profit and loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1.18.4 **Impairment**

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, the clinical commissioning group recognises a loss allowance representing the expected credit losses on the financial asset.

The clinical commissioning group adopts the simplified approach to impairment in accordance with IFRS 9, and measures the loss allowance for trade receivables, lease receivables and contract assets at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2) and otherwise at an amount equal to 12 month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds' assets where repayment is ensured by primary legislation. The clinical commissioning group therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally DHSC provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies and the clinical commissioning group does not recognise allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.19 **Financial Liabilities**

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

1.19.1 **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.

1.19.2 **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.

1.19.3 **Other Financial Liabilities**

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

1.2 **Value Added Tax**

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

1.21 **Foreign Currencies**

The clinical commissioning group's functional currency and presentational currency is pounds sterling and amounts are presented in thousands of pounds unless expressly stated otherwise. 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.

1.22 **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).

1.23 **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the clinical commissioning group's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

1.23.1 **Critical accounting judgements in applying accounting policies**

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

- Operating lease commitments - NHS Sheffield Clinical Commissioning Group has in substance a property lease arrangement with NHS Property Services Ltd relating to the headquarters site. As it has been determined that NHS Sheffield Clinical Commissioning Group has not obtained substantially all the risks and rewards of ownership of this property, the lease has been classified as an operating lease and accounted for accordingly.

1.23.2 **Sources of estimation uncertainty**

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Basis of estimation of key accruals - NHS Sheffield Clinical Commissioning Group has included certain accruals within the financial statements which are estimates. The basis of the estimation of key accruals have been approved by the Director of Finance and reported to the Audit and Integrated Governance Committee. The key areas requiring estimation were healthcare contracts and prescribing expenditure.

1.24 **Accounting Standards That Have Been Issued But Have Not Yet Been Adopted**

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2018-19. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2019-20, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 Leases – Application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM: early adoption is not therefore permitted.

- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

- IFRIC 23 Uncertainty over Income Tax Treatments – Application required for accounting periods beginning on or after 1 January 2019.

The application of the Standards as revised would not have a material impact on the accounts for 2018-19, were they applied in that year.

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2 Operating income

	2018-19 Total £'000	2017-18 Total £'000
Income from sale of goods and services (contracts)		
Education, training and research	329	29
Non-patient care services to other bodies	1,265	2,401
Other Contract income	1,025	-
Recoveries in respect of employee benefits	40	450
Total Income from sale of goods and services	2,659	2,880
Other operating income		
Charitable and other contributions to revenue expenditure: non-NHS	448	268
Non cash apprenticeship training grants revenue	15	5
Other non contract revenue	-	2,110
Total Other operating income	463	2,383
Total Operating Income	3,122	5,263

Revenue in this note does not include cash received from NHS England, which is drawn down directly into the bank account of the clinical commissioning group and credited to the general fund.

For 2018/19, revenue shown under 'Other Contract income' includes £260k income for Accountable Care Partnership services, £213k income in relation to the provision of healthcare to refugees, £154k income for Better Care Fund services, £150k income for learning disability transforming care programme, £130k income for the transformation of estates and technology, £50k income for the provision of procurement services, £35k income for facilities services and £33k income for provision of other admin services.

For 2017/18, revenue shown under 'Other non contract revenue' includes £1m income received from Sheffield City Council (SCC) for the recharge of prescribing costs for the services that SCC commission and £0.6m relates to pharmaceutical rebate schemes. As a result of the implementation of IFRS 15, these recharges are now coded as negative expenditure to offset the original cost and therefore not recorded as revenue. Other revenue included £0.2m income for Resettlement programmes, £0.2m was income for staffing and associated costs for hosted services.

2.1 Disaggregation of Income - Income from sale of good and services (contracts)

Source of Revenue	Education, training and research £'000	Non-patient care services to other bodies £'000	Other Contract income £'000	Recoveries in respect of employee benefits £'000
NHS	-	1,206	345	-
Non NHS	329	59	680	40
Total	329	1,265	1,025	40
Timing of Revenue	£'000	£'000	£'000	£'000
Point in time	6	40	73	-
Over time	323	1,225	952	40
Total	329	1,265	1,025	40

3 Contract income recognition

No contract income has been recognised in the reporting period that was included within the opening balance of contract liabilities or that is from performance obligations satisfied in a previous reporting period.

All performance obligations in relation to contract income were completed at the reporting date.

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4. Employee benefits and staff numbers

4.1.1 Employee benefits

	2018-19		
	Permanent Employees £'000	Other £'000	Total £'000
Employee Benefits			
Salaries and wages	11,418	2,570	13,988
Social security costs	1,197	217	1,414
Employer Contributions to NHS Pension scheme	1,538	201	1,739
Other pension costs	3	-	3
Apprenticeship Levy	45	-	45
Other post-employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	24	-	24
Gross employee benefits expenditure	14,225	2,988	17,213
Less recoveries in respect of employee benefits (note 4.1.2)	(40)	-	(40)
Total - Net admin employee benefits including capitalised costs	14,185	2,988	17,173
Less: Employee costs capitalised	-	-	-
Net employee benefits excluding capitalised costs	14,185	2,988	17,173

4.1.1 Employee benefits

	2017-18		
	Permanent Employees £'000	Other £'000	Total £'000
Employee Benefits			
Salaries and wages	10,623	1,805	12,428
Social security costs	1,121	78	1,199
Employer Contributions to NHS Pension scheme	1,409	78	1,487
Other pension costs	2	-	2
Apprenticeship Levy	39	-	39
Other post-employment benefits	-	-	-
Other employment benefits	-	-	-
Termination benefits	29	-	29
Gross employee benefits expenditure	13,223	1,961	15,184
Less recoveries in respect of employee benefits (note 4.1.2)	(450)	-	(450)
Total - Net admin employee benefits including capitalised costs	12,773	1,961	14,734
Less: Employee costs capitalised	-	-	-
Net employee benefits excluding capitalised costs	12,773	1,961	14,734

4.1.2 Recoveries in respect of employee benefits

	2018-19			2017-18
	Permanent Employees £'000	Other £'000	Total £'000	Total £'000
Employee Benefits - Revenue				
Salaries and wages	(32)	-	(32)	(329)
Social security costs	(4)	-	(4)	(54)
Employer contributions to the NHS Pension Scheme	(4)	-	(4)	(67)
Total recoveries in respect of employee benefits	(40)	-	(40)	(450)

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4.2 Average number of people employed

	2018-19			2017-18		
	Permanently employed Number	Other Number	Total Number	Permanently employed Number	Other Number	Total Number
Total	284.44	34.56	319.00	254.43	15.15	269.58

Of the above:

Number of whole time equivalent people engaged on capital projects	-	-	-	-	-	-
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4.4 Exit packages agreed in the financial year

	2018-19 Compulsory redundancies		2018-19 Other agreed departures		2018-19 Total	
	Number	£	Number	£	Number	£
Less than £10,000	-	-	-	-	-	-
£10,001 to £25,000	1	23,699	-	-	1	23,699
£25,001 to £50,000	-	-	-	-	-	-
£50,001 to £100,000	-	-	-	-	-	-
£100,001 to £150,000	-	-	-	-	-	-
£150,001 to £200,000	-	-	-	-	-	-
Over £200,001	-	-	-	-	-	-
Total	1	23,699	-	-	1	23,699

	2017-18 Compulsory redundancies		2017-18 Other agreed departures		2017-18 Total	
	Number	£	Number	£	Number	£
Less than £10,000	1	2,525	-	-	1	2,525
£10,001 to £25,000	-	-	-	-	-	-
£25,001 to £50,000	1	26,683	-	-	1	26,683
£50,001 to £100,000	-	-	-	-	-	-
£100,001 to £150,000	-	-	-	-	-	-
£150,001 to £200,000	-	-	-	-	-	-
Over £200,001	-	-	-	-	-	-
Total	2	29,208	-	-	2	29,208

These tables report the number and value of exit packages agreed in the financial year. The expense associated with these departures may have been recognised in part or in full in a previous period.

Redundancy and other departure costs have been paid in accordance with the provisions of the agenda for change terms and conditions and NHS Sheffield Clinical Commissioning Group's management of organisational change, redundancy and pay protection policy.

Exit costs are accounted for in accordance with relevant accounting standards and at the latest in full in the year of departure.

There have been no non-contractual payments made to individuals where the payment value was more than 12 months' of their annual salary.

Where entities have agreed early retirements, the additional costs are met by the entities and not by the NHS Pension Scheme, and are included in the tables. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the tables.

The Remuneration Report includes the disclosure of exit payments payable to individuals named in that report where applicable.

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4.5 Pension costs

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

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

Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the clinical commissioning group of participating in a 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 scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

4.5.2 Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

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5. Operating expenses

	2018-19 Total £'000	2017-18 Total £'000
Purchase of goods and services		
Services from other CCGs and NHS England	463	760
Services from foundation trusts	556,400	533,854
Services from other NHS trusts	28,308	25,972
Purchase of healthcare from non-NHS bodies	63,473	63,893
Purchase of social care	22,085	22,225
Prescribing costs	88,806	94,589
Pharmaceutical services	308	376
General Ophthalmic services	320	320
GPMS/APMS and PCTMS	91,647	86,118
Supplies and services – general	3,030	2,370
Consultancy services	1,626	1,633
Establishment	1,070	1,281
Transport	65	46
Premises	3,554	3,327
Audit fees	47	49
Other professional fees	204	54
Legal fees	433	450
Education, training and conferences	202	181
Total Purchase of goods and services	862,041	837,498
Depreciation and impairment charges		
Depreciation	59	35
Total Depreciation and impairment charges	59	35
Provision expense		
Provisions	(5)	5
Total Provision expense	(5)	5
Other Operating Expenditure		
Chair and Non Executive Members	294	294
Research and development (excluding staff costs)	381	139
Expected credit loss on receivables	2	-
Non cash apprenticeship training grants	15	5
Other expenditure	41	55
Total Other Operating Expenditure	733	493
Total operating expenditure	862,828	838,031

Auditor Liability - The total aggregate liability of KMPG LLP is limited per the contract to £2 million for all defaults, claims, losses or damages where arising from breach of contract, misrepresentation, tort, breach of statutory duty or otherwise.

NHS Sheffield Clinical Commissioning Group spent £1,626k in total on consultancy services in 2018/19. Of this, £1,517k related to consultancy services commissioned by the South Yorkshire & Bassetlaw Integrated Care System (ICS) which the CCG hosts, mainly in relation to the Hospital Services Review and transformation projects.

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6.1 Better Payment Practice Code

Measure of compliance	2018-19 Number	2018-19 £'000	2017-18 Number	2017-18 £'000
Non-NHS Payables				
Total Non-NHS Trade invoices paid in the Year	17,016	200,008	16,011	190,223
Total Non-NHS Trade Invoices paid within target	16,818	199,588	15,778	189,536
Percentage of Non-NHS Trade invoices paid within target	98.84%	99.79%	98.54%	99.64%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	4,141	634,773	4,227	581,696
Total NHS Trade Invoices Paid within target	4,083	634,260	4,200	580,841
Percentage of NHS Trade Invoices paid within target	98.60%	99.92%	99.36%	99.85%

7. Operating Leases

7.1 As lessee

7.1.1 Payments recognised as an Expense

	Land £'000	Buildings £'000	Other £'000	2018-19 Total £'000	Land £'000	Buildings £'000	Other £'000	2017-18 Total £'000
Payments recognised as an expense								
Minimum lease payments	-	2,865	9	2,874	-	2,937	13	2,950
Contingent rents	-	-	-	-	-	-	-	-
Sub-lease payments	-	-	-	-	-	-	-	-
Total	-	2,865	9	2,874	-	2,937	13	2,950

Whilst NHS Sheffield Clinical Commissioning Group has an arrangement with NHS Property Services Limited which falls within the definition of operating leases, rental charges for future years have not yet been agreed. Consequently this note does not include future minimum lease payments for the arrangement. The financial value included in the Statement of Comprehensive Net Expenditure for 2018-19 is £1,107k (2017-18 £1,127k).

Clinical commissioning groups are required to pay for void space in primary and community care buildings that predecessor organisations had responsibility for or commissioned services within. This arrangement with Community Health Partnerships Limited falls within the definition of operating leases but rental charges for future years have not yet been agreed. Consequently this note does not include future minimum lease payments for the arrangement. The financial value included in the Statement of Comprehensive Net Expenditure for 2018-19 is £1,622k (2017-18 £1,710k).

7.1.2 Future minimum lease payments

	Land £'000	Buildings £'000	Other £'000	2018-19 Total £'000	Land £'000	Buildings £'000	Other £'000	2017-18 Total £'000
Payable:								
No later than one year	-	-	35	35	-	-	11	11
Between one and five years	-	-	9	9	-	-	109	109
After five years	-	-	-	-	-	-	-	-
Total	-	-	44	44	-	-	120	120

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8 Property, plant and equipment

2018-19	Information technology £'000	Furniture & fittings £'000	Total £'000
Cost or valuation at 01 April 2018	295	205	500
Addition of assets under construction and payments on account	-	-	-
Additions purchased	120	-	120
Additions donated	-	-	-
Additions government granted	-	-	-
Additions leased	-	-	-
Reclassifications	-	-	-
Reclassified as held for sale and reversals	-	-	-
Disposals other than by sale	-	-	-
Upward revaluation gains	-	-	-
Impairments charged	-	-	-
Reversal of impairments	-	-	-
Transfer (to)/from other public sector body	-	-	-
Cumulative depreciation adjustment following revaluation	-	-	-
Cost/Valuation at 31 March 2019	415	205	620
Depreciation 01 April 2018	35	205	240
Reclassifications	-	-	-
Reclassified as held for sale and reversals	-	-	-
Disposals other than by sale	-	-	-
Upward revaluation gains	-	-	-
Impairments charged	-	-	-
Reversal of impairments	-	-	-
Charged during the year	59	-	59
Transfer (to)/from other public sector body	-	-	-
Cumulative depreciation adjustment following revaluation	-	-	-
Depreciation at 31 March 2019	94	205	299
Net Book Value at 31 March 2019	321	-	321
Purchased	321	-	321
Donated	-	-	-
Government Granted	-	-	-
Total at 31 March 2019	321	-	321
Asset financing:			
Owned	321	-	321
Held on finance lease	-	-	-
On-SOFP Lift contracts	-	-	-
PFI residual: interests	-	-	-
Total at 31 March 2019	321	-	321
Revaluation Reserve Balance for Property, Plant & Equipment			
	Information technology £'000	Furniture & fittings £'000	Total £'000
Balance at 01 April 2018	-	-	-
Revaluation gains	-	-	-
Impairments	-	-	-
Release to general fund	-	-	-
Other movements	-	-	-
Balance at 31 March 2019	-	-	-

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8 Property, plant and equipment cont'd

8.1 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was as follows:

	2018-19 £'000	2017-18 £'000
Information technology	-	-
Furniture & fittings	205	205
Total	205	205

8.2 Economic lives

	Minimum Life (years)	Maximum Life (Years)
Information technology	5	5
Furniture & fittings	-	-

9 Trade and other receivables

	Current 2018-19 £'000	Current 2017-18 £'000
NHS receivables: Revenue	139	576
NHS prepayments	3,350	3,249
NHS accrued income	4,185	288
NHS Non Contract trade receivable (i.e. pass through funding)	1,196	-
Non-NHS and Other WGA receivables: Revenue	161	265
Non-NHS and Other WGA prepayments	109	154
Non-NHS and Other WGA accrued income	495	844
Non-NHS and Other WGA Contract Receivable not yet invoiced/non-invoice	403	-
Non-NHS and Other WGA Non Contract trade receivable (i.e. pass through funding)	1,229	-
Expected credit loss allowance-receivables	(4)	-
VAT	111	98
Other receivables and accruals	58	181
Total Trade & other receivables	11,432	5,655

Included above:

Prepaid pensions contributions	-	-
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9 Trade and other receivables cont'd

9.1 Receivables past their due date but not impaired

	2018-19 DHSC Group Bodies £'000	2018-19 Non DHSC Group Bodies £'000	2017-18 DHSC Group Bodies £'000	2017-18 Non DHSC Group Bodies £'000
By up to three months	402	-	17	14
By three to six months	-	-	103	8
By more than six months	-	-	20	6
Total	402	-	140	28

£245k of the amount above has subsequently been recovered post the statement of financial position date.

NHS Sheffield Clinical Commissioning Group did not hold any collateral against receivables outstanding as at 31 March 2019.

9.2 Impact of Application of IFRS 9 on financial assets at 1 April 2018

	Trade and other receivables - NHSE bodies £000s	Trade and other receivables - other DHSC group bodies £000s	Trade and other receivables - external £000s	Other financial assets £000s	Cash and cash equivalents £000s	Total £000s
Classification under IAS 39 as at 31st March 2018						
Financial Assets held at Fair Value Through Profit and Loss (FVTPL)	-	-	-	-	-	-
Financial Assets held at Amortised cost	312	552	1,109	181	180	2,334
Financial assets held at Fair Value Through Other Comprehensive Income (FVOCI)	-	-	-	-	-	-
Total at 31st March 2018	312	552	1,109	181	180	2,334
Classification under IFRS 9 as at 1st April 2018						
Financial Assets designated to FVTPL	-	-	-	-	-	-
Financial Assets mandated to FVTPL	-	-	-	-	-	-
Financial Assets measured at amortised cost	312	552	1,109	181	180	2,334
Financial Assets measured at FVOCI	-	-	-	-	-	-
Total at 1st April 2018	312	552	1,109	181	180	2,334
Changes due to change in measurement attribute	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Change in carrying amount	-	-	-	-	-	-

9.3 Movement in loss allowances due to application of IFRS 9

	Trade and other receivables - NHSE bodies £000s	Trade and other receivables - other DHSC group bodies £000s	Trade and other receivables - external £000s	Other financial assets £000s	Cash and cash equivalents £000s	Total £000s
Impairment and provisions allowances under IAS 39 as at 31st March 2018						
Financial Assets held at Amortised cost (i.e. the 1718 Closing Provision)	-	-	-	-	-	-
Financial assets held at FVOCI	-	-	-	-	-	-
Total at 31st March 2018	-	-	-	-	-	-
Loss allowance under IFRS 9 as at 1st April 2018						
Financial Assets measured at amortised cost	-	-	(2)	-	-	(2)
Financial Assets measured at FVOCI	-	-	-	-	-	-
Total at 1st April 2018	-	-	(2)	-	-	(2)
Change in loss allowance arising from application of IFRS 9	-	-	(2)	-	-	(2)

9 Trade and other receivables cont'd

9.4 Loss allowance on asset classes

	Trade and other receivables - external £000s
Balance at 1st April 2018	
Allowance for credit losses at 1st April 2018	-
Recognition of loss allowance on application of IFRS9 (2018-19 only)	(2)
Lifetime expected credit losses on trade and other receivables-Stage 2	(2)
Allowance for credit losses at 31 March 2019	<u>(4)</u>

9.5 Provision Matrix on lifetime credit loss

	31-Mar-19 %	31-Mar-19 £'000	31-Mar-19 £'000	31-Mar-18 £'000
	Lifetime expected credit loss rate	Gross Carrying Amount	Lifetime expected credit loss	Lifetime expected credit loss
Non NHS Debt				
Current	0.1	1,312	1	-
1 - 30 days	1.0	27	-	-
31 - 60 days	2.0	3	-	-
61 - 90 days	5.0	46	2	-
Greater than 90 days	10.0	3	1	2
			<u>4</u>	<u>2</u>

10 Cash and cash equivalents

	2018-19 £'000	2017-18 £'000
Balance at 01 April 2018	180	141
Net change in year	(41)	39
Balance at 31 March 2019	<u>139</u>	<u>180</u>
Made up of:		
Cash with the Government Banking Service	139	180
Cash with Commercial banks	-	-
Cash in hand	0	0
Current investments	-	-
Cash and cash equivalents as in statement of financial position	<u>139</u>	<u>180</u>
Bank overdraft: Government Banking Service	-	-
Bank overdraft: Commercial banks	-	-
Total bank overdrafts	<u>-</u>	<u>-</u>
Balance at 31 March 2019	<u>139</u>	<u>180</u>

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11 Trade and other payables	Current 2018-19 £'000	Current 2017-18 £'000
NHS payables: Revenue	11,740	2,376
NHS accruals	2,911	4,920
Non-NHS and Other WGA payables: Revenue	3,804	5,747
Non-NHS and Other WGA payables: Capital	57	31
Non-NHS and Other WGA accruals	29,192	27,948
Social security costs	191	171
Tax	173	139
Payments received on account	-	10
Other payables and accruals	797	1,159
Total Trade & Other Payables	48,865	42,501

Non-NHS and Other WGA accruals includes £15.1m Prescribing accrual, £5.6m in relation to Primary Care, £5.2m Continuing Healthcare accruals and £1.2m in relation to Non-NHS contracts (31 March 2018: £15.6m Prescribing accrual, £4.8m in relation to Primary Care, £5.2m Continuing Healthcare accruals and £1.1m in relation to Non-NHS contracts).

Other payables include £238k outstanding pension contributions at 31 March 2019 (31 March 2018: £221k).

11.1 Impact of Application of IFRS 9 on financial liabilities at 1 April 2018

	Trade and other payables - NHSE bodies £000s	Trade and other payables - other DHSC group bodies £000s	Trade and other payables - external £000s	Total £000s
Classification under IAS 39 as at 31st March 2018				
Financial Liabilities held at Fair Value Through Profit and Loss (FVTPL)	-	-	-	-
Financial Liabilities held at Amortised cost	440	7,776	33,965	42,181
Total at 31st March 2018	440	7,776	33,965	42,181
Classification under IFRS 9 as at 1st April 2018				
Financial Liabilities designated to FVTPL	-	-	-	-
Financial Liabilities mandated to FVTPL	-	-	-	-
Financial Liabilities measured at amortised cost	440	7,776	33,965	42,181
Financial Liabilities measured at Fair Value Through Other Comprehensive Income (FVOCI)	-	-	-	-
Total at 1st April 2018	440	7,776	33,965	42,181
Changes due to change in measurement attribute	-	-	-	-
Other changes	-	-	-	-
Change in carrying amount	-	-	-	-

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12 Provisions

	Current 2018-19 £'000	Current 2017-18 £'000
Legal claims	-	5
Total	-	5

	Legal Claims £'000	Total £'000
Balance at 01 April 2018	5	5
Arising during the year	-	-
Utilised during the year	-	-
Reversed unused	(5)	(5)
Unwinding of discount	-	-
Change in discount rate	-	-
Transfer (to) from other public sector body	-	-
Transfer (to) from other public sector body under absorption	-	-
Balance at 31 March 2019	-	-

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

Under the Accounts Direction issued by NHS England on 12 February 2014, NHS England is responsible for accounting for liabilities relating to NHS Continuing Healthcare claims relating to periods of care before establishment of the clinical commissioning group. However, the legal liability remains with the NHS Sheffield Clinical Commissioning Group. The value of legacy NHS Continuing Healthcare provisions accounted for by NHS England on behalf of this CCG at 31 March 2019 is £100k (31 March 2018: £505k).

13 Contingencies

	2018-19 £'000	2017-18 £'000
13.1 Contingent liabilities		
NHS Resolution employee liability claim	-	1
HMRC review	-	3
Net value of contingent liabilities	-	4

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14 Commitments

14.1 Other financial commitments

The NHS clinical commissioning group has entered into non-cancellable contracts (which are not leases, private finance initiative contracts or other service concession arrangements) which expire as follows:

	2018-19 £'000	2017-18 £'000
In not more than one year	1,266	1,339
In more than one year but not more than five years	-	1,266
In more than five years	-	-
Total	1,266	2,605

The NHS Sheffield Clinical Commissioning Group has one non-cancellable contract whose full cost exceeds £1m and is with eMBED Health Consortium to provide IT support and Business Intelligence services. The financial commitment at 31 March 2019 is £1,187k (31 March 2018: £2,413k).

15 Financial instruments

15.1 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.

As NHS Sheffield 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 Sheffield Clinical Commissioning Group standing financial instructions and policies agreed by the Governing Body. Treasury activity is subject to review by NHS Sheffield Clinical Commissioning Group and internal auditors.

15.1.1 Currency risk

The NHS Sheffield 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 Sheffield Clinical Commissioning Group has no overseas operations and therefore has low exposure to currency rate fluctuations.

15.1.2 Interest rate risk

The NHS Sheffield 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 NHS Sheffield Clinical Commissioning Group therefore has low exposure to interest rate fluctuations.

15.1.3 Credit risk

As the majority of the NHS Sheffield Clinical Commissioning Group's revenue comes parliamentary funding it 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.

15.1.4 Liquidity risk

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

NHS Sheffield Clinical Commissioning Group - Annual Accounts 2018-19

15 Financial instruments cont'd

15.2 Financial assets

	Financial Assets measured at amortised cost 2018-19 £'000	Total 2018-19 £'000
Trade and other receivables with NHSE bodies	1,467	1,467
Trade and other receivables with other DHSC group bodies	4,053	4,053
Trade and other receivables with external bodies	2,288	2,288
Other financial assets	58	58
Cash and cash equivalents	139	139
Total at 31 March 2019	<u>8,005</u>	<u>8,005</u>

For 2017-18 comparatives please refer to note 9.2.

15.3 Financial liabilities

	Financial Liabilities measured at amortised cost 2018-19 £'000	Total 2018-19 £'000
Trade and other payables with NHSE bodies	456	456
Trade and other payables with other DHSC group bodies	14,189	14,189
Trade and other payables with external bodies	33,059	33,059
Other financial liabilities	797	797
Total at 31 March 2019	<u>48,501</u>	<u>48,501</u>

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16 Operating segments

NHS Sheffield Clinical Commissioning Group considers that there is only one operating segment: Commissioning of Healthcare Services.

	Gross expenditure £'000	Income £'000	Net expenditure £'000	Total assets £'000	Total liabilities £'000	Net assets £'000
Commissioning of Healthcare	880,041	(3,122)	876,919	11,892	(48,865)	(36,973)

During the year NHS Sheffield Clinical Commissioning Group paid £416,052k, approx. 47% of total expenditure, (2017-18: £401,900k approx. 47%) to Sheffield Teaching Hospitals NHS Foundation Trust for the purchase of healthcare and other services provided.

17 Pooled budgets

Section 75 of the National Health Services Act 2006 allows partnership arrangements between NHS bodies, Local Authorities and other agencies in order to improve and co-ordinate services. Generally each partner makes a contribution to a pooled budget, with the aim of focussing services and activities for a client group. Funds contributed are those normally used for the services represented in the pooled budget and allow the organisations involved to act in a more cohesive way.

The Better Care Fund was announced by the Government in the June 2013 spending round, to ensure transformation in integrated health and social care. It creates a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services, and shifting resources into social care and community services for the benefit of the people, communities and health and care systems. The Sheffield Better Care Fund pool was constructed around seven themes focussed around the different areas of integration.

NHS Sheffield Clinical Commissioning Group and Sheffield City Council entered into a Section 75 agreement covering the Better Care Fund with effect from 1st April 2015. This pool is hosted by Sheffield City Council.

With effect from the 1st April 2017 a new theme for mental health was added to the Better Care Fund. NHS Sheffield Clinical Commissioning Group and Sheffield City Council agreed to pool their mental health resources through the joint commissioning of Mental Health Activity. During 2018-19 a Memorandum of Agreement has been in place to enter into a tripartite risk share including Sheffield Health and Social Care NHSFT.

The following table summarises the contributions made by Sheffield City Council and the NHS Sheffield Clinical Commissioning Group into pooled budget arrangements, along with details of previous year's comparatives:

	NHS Sheffield CCG £'000	2018/19 Sheffield City Council £'000	Total £'000	NHS Sheffield CCG £'000	2017/18 Sheffield City Council £'000	Total £'000
The Better Care Fund	266,273	181,890	448,163	256,921	169,830	426,751

The CCG net contribution to the Better Care Fund for 2018/19 shown above is included within the expenditure recorded in note 5 to these accounts (Services from foundation trusts £187.7m; Purchase of healthcare from non-NHS bodies £57.2m; GPMS/APMS and PCTMS £1.0m; Services from other CCGs and NHS England £0.11m; Purchase of Social Care £20.2m; and Employee Benefits £0.02m).

The memorandum account for the pooled budget is:

The Better Care Fund	2018-19 £'000	2017-18 £'000
Income		
NHS Sheffield Clinical Commissioning Group	266,273	256,921
Sheffield City Council	181,890	169,830
	<u>448,163</u>	<u>426,751</u>

Allocation of expenditure	2018-19 £'000	2017-18 £'000
Theme 1 - People Keeping Well in their Local Community	(11,283)	(9,033)
Theme 2 - Active Support and Recovery	(58,548)	(51,458)
Theme 3 - Independent Living Solutions	(8,249)	(6,303)
Theme 4 - Ongoing Care	(186,738)	(186,410)
Theme 5 - Adult inpatient Medical Emergency Admissions	(69,306)	(65,177)
Theme 6 - Mental Health	(110,497)	(105,637)
Theme 7 - Capital Grants	(3,542)	(2,733)
	<u>(448,163)</u>	<u>(426,751)</u>

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18 Related party transactions

Details of related party transactions with individuals are as follows:

Name & Role of Individual	Related Parties for which transactions made & Role of Individual	Purpose of Payment/Receipt	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
A Afzal, Locality Appointed GP (from 01 November 2018)	Duke Medical Centre - GP Principal	Core Contract/LCS/ENT/Locality Allowance/Prescribing Incentive Scheme/Virtual Wards	912	(0)	132	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Astra-Zeneca - Chair of Medical Education Meeting	Prescribing	0	(91)	0	0
N Anumba, Locality Appointed GP (to 13 May 2018)	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Woodhouse Health Centre - GP Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme/Transformation	1,839	(1)	364	0
	Woodhouse Healthcare Services Ltd - Director	Contract Payments	3	0	0	0
N Bates, GP Elected Member	Porterbrook Medical Centre - GP Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme/Eating Disorders	2,227	(0)	277	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Rivelin Healthcare Ltd - Minority Stakeholder	Contract Payments	49	0	10	0
	Sheffield Hallam University - Practice is the provider of Occupational Health Services	Mentorship/Scoping Work/Contract Payment	49	(10)	43	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
G Chetty, Locality Appointed GP (to 31 July 2018)	The Mathews Practice - GP Partner & provides Minor Surgery for Sheffield surgeries	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	1,127	(0)	194	0
A Forrest, Lay Member	Sheffield Carers Centre - Chair	Contract Payment	0	0	45	0
	Darnall Wellbeing - Committee Member	CHP Charges/Voluntary Sector Grant	137	0	1	0
M Gamsu, Lay Member	Leeds Beckett University - Professor, Institute for Health Development	Tuition fees for member of staff	6	0	3	0
	Sheffield Citizens Advice - Chair	Contract Payments	202	0	0	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
K Gillgrass, Locality Appointed GP (from 14 May to 31 January 2019)	University of Sheffield - Senior Clinical Teacher	Research/Eating Disorders	298	(0)	74	0
	The Medical Centre, Crystal Peaks - GP Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	666	0	167	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
T Hudson, GP Elected Member	University Health Service - GP Principal	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	2,459	0	131	0
	Foundry Medical Group - Board & Executive Member	Core Contract/Transformational funding	608	(0)	0	0
J Joyce, Locality Appointed GP (to 1 November 2018)	Pitsmoor Surgery - GP Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	1,496	0	195	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Abbey Lane Surgery - GP Principal	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	335	(0)	69	0
A Majoka, GP Elected Member	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Totley Rise Medical Centre - GP Principal	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	355	0	61	0
Z McMurray, Medical Director	Woodhouse Healthcare Services Ltd - Shareholder	Contract Payments	3	0	0	0
T Moorhead, Chair of the Governing Body	Baslow Road Surgery - Sibling is GP Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	1,513	0	270	0
	Oughtibridge Surgery - Senior Partner	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	842	0	120	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Rivelin Healthcare Ltd - Minority Shareholder	Contract Payments	49	0	10	0
	Sheffield Local Medical Committee - Executive Member	Statutory & Voluntary Levy	306	(12)	0	0
C Nield, Lay Member	Sheffield Hallam University - Associate Lecturer & Honorary Lecturer	Mentorship/Scoping Work/Contract Payment	49	(10)	43	0
M Ruff, Accountable Officer	Worklife Company - Occasionally see Director	OD Services	18	0	0	0
M Sloan, GP Elected Member	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	4,608	(7)	214	0
	Sloan Medical Centre - GP Principal and Lead GP Gastroenterology Community Service	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	1,541	(1)	289	0
L Sorsbie, Locality Appointed GP (voting rights re-commenced 2 November 2018)	Firth Park Surgery - Salaried GP	Core Contract/LCS/Locality Allowance/Prescribing Incentive Scheme	1,104	(0)	184	0
P Taylor, Lay Member and Deputy Chair (to 31 March 2019)	HFMA - Honorary Fellow and Non Executive Director and Lay Member FacultyChair	HFMA Conference Fees	4	0	0	0

The values shown for related party transactions are for the full financial year including when the relevant individual has a part year interest in the organisation.

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. For example:

- NHS England;
- NHS Foundation Trusts;
- NHS Trusts;
- NHS Litigation Authority; and,
- NHS Business Services Authority.

In addition, NHS Sheffield 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 Sheffield City Council.

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18 Related party transactions cont'd

Prior Year Comparator 2017-18:

Name & Role of Individual	Related Parties for which transactions made & Role of Individual	Purpose of Payment/Receipt	Payments to Related Party £000	Receipts from Related Party £000	Amounts owed to Related Party £000	Amounts due from Related Party £000
A Afzal, Locality Appointed GP (to 30 September 2017)	Duke Medical Centre - Senior Partner	Contract Payments/Locality Reimbursement	796	0	62	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
N Anumba, Locality Appointed GP	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
	Woodhouse Health Centre - GP Partner	Contract Payments/Locality Reimbursement	1,484	(0)	119	0
N Bates, GP Elected Member	Woodhouse Healthcare Services Ltd - Director	Contract Payments	5	0	0	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
	Porterbrook Medical Centre - GP Partner	Contract Payments/Locality Reimbursement	2,132	(1)	132	0
	Sheffield Hallam University - Practice is the provider of Occupational Health Services	Mentorship/Scoping Work/Contract Payment	16	0	0	0
G Chetty, Locality Appointed GP (from 1 October 2017)	Rivelin Healthcare Ltd - Minority Stakeholder	Contract Payments	44	0	5	0
	The Mathews Practice - GP Partner & provides Minor Surgery for Sheffield surgeries	Contract Payments/Locality Reimbursement	1,063	0	68	0
M Gamsu, Lay Member	Sheffield Citizens Advice - Chair	Contract Payments	185	0	0	0
	Darnall Wellbeing - Committee Member	Contract Payments	127	0	111	0
	Leeds Beckett University - Professor, Institute for Health Development	Tuition fees for member of staff	1	0	0	0
	Voluntary Action Sheffield - Trustee	Contract Payments	79	0	0	0
T Hudson, GP Elected Member	University Health Service - GP Principal	Contract Payments	2,076	0	72	0
J Joyce, Locality Appointed GP (from 6 March 2018)	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
	Pitsmoor Surgery - GP Partner	Contract Payments/Locality Reimbursement	1,322	0	83	0
	Foundry Medical Group - Board & Executive Member	Matched funding support - GPN Ready Scheme	24	0	0	0
A Majoka, GP Elected Member	Primary Care Sheffield - Practice is a Shareholder in PCS and GP for Cardiology & Gynaecology	Contract Payments	3,908	(37)	147	0
	Abbey Lane Surgery - GP Principal	Contract Payments/Locality Reimbursement	283	0	15	0
Z McMurray, Medical Director	Woodhouse Healthcare Services Ltd - Shareholder	Contract Payments	5	0	0	0
	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
	Oughtibridge Surgery - Senior Partner	Contract Payments/Locality Reimbursement	798	0	40	0
	Rivelin Healthcare Ltd - Minority Shareholder	Contract Payments	44	0	5	0
T Moorhead, Chair of the Governing Body	Sheffield Local Medical Committee - Executive Member	Statutory & Voluntary Levy	242	0	0	0
	Baslow Road Surgery - Sibling is GP Partner	Contract Payments/Locality Reimbursement	1,453	0	104	0
	Worklife Company - Occasionally see Director	OD Services	47	0	0	0
M Ruff, Accountable Officer	Primary Care Sheffield - Practice is a Shareholder in PCS	Contract Payments	3,908	(37)	147	0
M Sloan, GP Elected Member	Sloan Medical Centre - GP Principal and Lead GP Gastroenterology Community Service	Contract Payments/Locality Reimbursement	1,441	0	88	0
	Firth Park Surgery - GP Partner & Salaried GP	Contract Payments/Locality Reimbursement	1,015	0	69	0
L Sorsbie, Locality Appointed GP (to 05 March 2018 - on sabbatical)	HFMA - Honorary Fellow and Non Executive Director and Lay Member Faculty Chair	HFMA Conference Fees	3	0	0	0

19 Losses and special payments

Losses

The total number of NHS clinical commissioning group losses and special payments cases, and their total value, was as follows:

	Total Number of Cases 2018-19 Number	Total Value of Cases 2018-19 £'000	Total Number of Cases 2017-18 Number	Total Value of Cases 2017-18 £'000
Administrative write-offs	-	-	-	-
Fruitless payments	-	-	-	-
Store losses	-	-	-	-
Book Keeping Losses	-	-	-	-
Constructive loss	-	-	-	-
Cash losses	-	-	-	-
Claims abandoned	-	-	-	-
Total	-	-	-	-

Special payments

	Total Number of Cases 2018-19 Number	Total Value of Cases 2018-19 £'000	Total Number of Cases 2017-18 Number	Total Value of Cases 2017-18 £'000
Compensation payments	-	-	-	-
Compensation payments Treasury Approved	-	-	-	-
Extra Contractual Payments	-	-	-	-
Extra Contractual Payments Treasury Approved	-	-	-	-
Ex Gratia Payments	2	1	1	2
Ex Gratia Payments Treasury Approved	-	-	-	-
Extra Statutory Extra Regulatory Payments	-	-	-	-
Extra Statutory Extra Regulatory Payments Treasury Approved	-	-	-	-
Special Severance Payments Treasury Approved	-	-	-	-
Total	2	1	1	2

20 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:

	2018-19 Target	2018-19 Performance	2017-18 Target	2017-18 Performance
Expenditure not to exceed income	880,187	880,161	859,715	853,335
Capital resource use does not exceed the amount specified in Directions	120	120	120	120
Revenue resource use does not exceed the amount specified in Directions	876,945	876,919	854,332	847,952
Capital resource use on specified matter(s) does not exceed the amount specified in Directions	-	-	-	-
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	-	-	-	-
Revenue administration resource use does not exceed the amount specified in Directions	12,778	10,001	12,722	10,372

21 Effect of application of IFRS 15 on current year closing balances

There has been no material impact on the application of IFRS 15 on current year closing balances.

23 May 2019

Ms C Partridge
Partner
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Dear Clare

This representation letter is provided in connection with your audit of the financial statements of NHS Sheffield Clinical Commissioning Group (“the CCG”), for the year ended 31 March 2019, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the state of the financial position of the CCG as at 31 March 2019 and of the net operating expenditure for the financial year then ended; and;
- whether the CCG’s financial statements have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the Department of Health and Social Care Group Accounting Manual (GAM).

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

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

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

Financial statements

1. The Governing Body has fulfilled its responsibilities for the preparation of financial statements that:
 - i. give a true and fair view of the financial position of the CCG as at 31 March 2019 and of the net operating expenditure for that financial year; and
 - ii. have been prepared in accordance with the accounting policies directed by NHS England with consent of the Secretary of State as relevant to Clinical Commissioning Groups in England and the GAM 2018/19.

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



2. Measurement methods and significant assumptions used by the Governing Body in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 Events after the reporting period requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Information provided

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

Included in the Appendix to this letter are the definition of fraud, including misstatement arising from fraudulent financial reporting and from misappropriation of assets.

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

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

8. The Governing Body has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements. The Governing Body also confirms that, in all material respects, the expenditure and income recognised in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.
9. The Governing Body has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Governing Body has disclosed to you the identity of the CCG's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 Related Party Disclosures. Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.
11. The Governing Body confirms that all intra-NHS balances included in the Statement of Financial Position (SOFP) at 31 March 2019 in excess of £100,000 have been disclosed to you and that the CCG has complied with the requirements of the Intra NHS Agreement of Balances Exercise. The Governing Body confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOFP classifications formally deemed to be included within the Agreement of Balances exercise.
12. The Governing Body confirms that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the CCG's ability to continue as a going concern as required to provide a true and fair view. No events or conditions have been identified that may cast significant doubt on the ability of the CCG to continue as a going concern.
 - b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the CCG to continue as a going concern.
13. The Governing Body has assessed the impact of new accounting standards (IFRS 9 and 15) and confirms the impact of these new standards does not have a material effect on the financial statements.

This letter was tabled and agreed at the meeting of the Governing Body on 23 May 2019.

Yours sincerely

Tim Moorhead
Chair
NHS Sheffield CCG
GMC No. 3271322

Brian Hughes
Acting Accountable Officer
NHS Sheffield CCG

for and on behalf of the Governing Body of NHS Sheffield CCG

Appendix to the Governing Body Representation Letter: Uncorrected audit differences

The following uncorrected audit differences have been presented as part of the Audit Report to those charged with governance and are considered by management to be immaterial to the CCG's financial statements:

Unadjusted audit differences (£m)				
No.	Detail	SOCI Dr/(cr)	SOPF Dr/(cr)	Comments
1	Dr NHS Payables: Revenue Cr NHS Accrued Income	- -	£3.4 £(3.4)	The CCG received a credit note from Sheffield Teaching Hospitals (STH) NHSFT in April 2019, which should have been netted off against the STH payable balance in Trade and Other Payables instead of being recognised as Accrued Income in Trade and Other Receivables. However, as this would lead to a different presentation to that included in the CCG summarisation schedules, the CCG have not adjusted for the difference. Note this is a reclassification, and the I&E impact is nil.
Total		-	-	

Appendix to the Governing Body Representation Letter: Definitions

Financial Statements

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

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the previous period; and
- a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Material Matters

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

IAS 1.7 and IAS 8.5 state that:

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

Fraud

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

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

Error

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

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

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

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

Management

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

Related parties

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

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction

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