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Data entered below will be used throughout the workbook:

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

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

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**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

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

	Note	2017-18 £'000	2016-17 £'000
Income from sale of goods and services	2	(99)	(63)
Other operating income	2	(307)	(165)
<b>Total operating income</b>		<b>(406)</b>	<b>(228)</b>
Staff costs	4	5,694	3,524
Purchase of goods and services	5	517,338	214,616
Depreciation and impairment charges	5	12	26
Provision expense	5	0	0
Other Operating Expenditure	5	200	237
<b>Total operating expenditure</b>		<b>523,244</b>	<b>218,403</b>
<b>Net Operating Expenditure</b>		<b>522,838</b>	<b>218,175</b>
Finance income			
Finance expense	10	0	0
<b>Net expenditure for the year</b>		<b>522,838</b>	<b>218,175</b>
Net Gain/(Loss) on Transfer by Absorption		0	0
<b>Total Net Expenditure for the year</b>		<b>522,838</b>	<b>218,175</b>
<b>Other Comprehensive Expenditure</b>			
<b><u>Items which will not be reclassified to net operating costs</u></b>			
Net (gain)/loss on revaluation of PPE		0	0
Net (gain)/loss on revaluation of Intangibles		0	0
Net (gain)/loss on revaluation of Financial Assets		0	0
Actuarial (gain)/loss in pension schemes		0	0
Impairments and reversals taken to Revaluation Reserve		0	0
<b><u>Items that may be reclassified to Net Operating Costs</u></b>			
Net gain/loss on revaluation of available for sale financial assets		0	0
Reclassification adjustment on disposal of available for sale financial assets		0	0
<b>Sub total</b>		<b>0</b>	<b>0</b>
<b>Comprehensive Expenditure for the year ended 31 March 2018</b>		<b>522,838</b>	<b>218,175</b>

**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

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

		2017-18	2016-17
	Note	£'000	£'000
<b>Non-current assets:</b>			
Property, plant and equipment	13	0	12
Intangible assets	14	0	0
Investment property	15	0	0
Trade and other receivables	17	0	0
Other financial assets	18	0	0
<b>Total non-current assets</b>		<u>0</u>	<u>12</u>
<b>Current assets:</b>			
Inventories	16	0	0
Trade and other receivables	17	3,193	1,225
Other financial assets	18	0	0
Other current assets	19	0	0
Cash and cash equivalents	20	0	0
<b>Total current assets</b>		<u>3,193</u>	<u>1,225</u>
Non-current assets held for sale	21	0	0
<b>Total current assets</b>		<u>3,193</u>	<u>1,225</u>
<b>Total assets</b>		<u>3,193</u>	<u>1,237</u>
<b>Current liabilities</b>			
Trade and other payables	23	(28,091)	(14,253)
Other financial liabilities	24	0	0
Other liabilities	25	0	0
Borrowings	26	0	0
Provisions	30	0	0
<b>Total current liabilities</b>		<u>(28,091)</u>	<u>(14,253)</u>
<b>Non-Current Assets plus/less Net Current Assets/Liabilities</b>		<u>(24,897)</u>	<u>(13,016)</u>
<b>Non-current liabilities</b>			
Trade and other payables	23	0	0
Other financial liabilities	24	0	0
Other liabilities	25	0	0
Borrowings	26	0	0
Provisions	30	0	0
<b>Total non-current liabilities</b>		<u>0</u>	<u>0</u>
<b>Assets less Liabilities</b>		<u>(24,897)</u>	<u>(13,016)</u>
<b>Financed by Taxpayers' Equity</b>			
General fund		(24,897)	(13,016)
Revaluation reserve		0	0
Other reserves		0	0
Charitable Reserves		0	0
<b>Total taxpayers' equity:</b>		<u>(24,897)</u>	<u>(13,016)</u>

The notes on pages 5 to 47 form part of this statement

The financial statements on pages 1 to 47 were approved by the Governing Body on 22 May 2018 and signed on its behalf by:

Accountable Officer  
Andrew Bennett

NHS Morecambe Bay CCG - Annual Accounts 2017-18

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

	General fund £'000	Revaluation reserve £'000	Other reserves £'000	Total reserves £'000
<b>Changes in taxpayers' equity for 2017-18</b>				
<b>Balance at 01 April 2017</b>	(13,016)	0	0	<b>(13,016)</b>
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	0	0	0
<b>Adjusted NHS Clinical Commissioning Group balance at 1 April 2017</b>	<b>(13,016)</b>	<b>0</b>	<b>0</b>	<b>(13,016)</b>
<b>Changes in NHS Clinical Commissioning Group taxpayers' equity for 2017-18</b>				
Net operating expenditure for the financial year	(522,838)			(522,838)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
<b>Total revaluations against revaluation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
<b>Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year</b>	<b>(522,838)</b>	<b>0</b>	<b>0</b>	<b>(522,838)</b>
Net funding	510,957	0	0	510,957
<b>Balance at 31 March 2018</b>	<b>(24,897)</b>	<b>0</b>	<b>0</b>	<b>(24,897)</b>
<b>Changes in taxpayers' equity for 2016-17</b>				
<b>Balance at 01 April 2016</b>	<b>(12,110)</b>	<b>0</b>	<b>0</b>	<b>(12,110)</b>
Transfer of assets and liabilities from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0	0
<b>Adjusted NHS Clinical Commissioning Group balance at 1 April 2016</b>	<b>(12,110)</b>	<b>0</b>	<b>0</b>	<b>(12,110)</b>
<b>Changes in NHS Clinical Commissioning Group taxpayers' equity for 2016-17</b>				
Net operating costs for the financial year	(218,175)			(218,175)
Net gain/(loss) on revaluation of property, plant and equipment		0		0
Net gain/(loss) on revaluation of intangible assets		0		0
Net gain/(loss) on revaluation of financial assets		0		0
<b>Total revaluations against revaluation reserve</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
<b>Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year</b>	<b>(218,175)</b>	<b>0</b>	<b>0</b>	<b>(218,175)</b>
Net funding	217,269	0	0	217,269
<b>Balance at 31 March 2017</b>	<b>(13,016)</b>	<b>0</b>	<b>0</b>	<b>(13,016)</b>

The notes on pages 5 to 47 form part of this statement.

**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

**Statement of Cash Flows for the year ended  
31 March 2018**

	Note	2017-18 £'000	2016-17 £'000
<b>Cash Flows from Operating Activities</b>			
Net operating expenditure for the financial year		(522,838)	(218,177)
Depreciation and amortisation	5	12	26
Impairments and reversals	5	0	0
Movement due to transfer by Modified Absorption		0	0
Other gains (losses) on foreign exchange		0	0
Donated assets received credited to revenue but non-cash		0	0
Government granted assets received credited to revenue but non-cash		0	0
Interest paid		0	0
Release of PFI deferred credit		0	0
Other Gains & Losses		0	0
Finance Costs		0	0
Unwinding of Discounts		0	0
(Increase)/decrease in inventories		0	0
(Increase)/decrease in trade & other receivables	17	(1,969)	(625)
(Increase)/decrease in other current assets		0	0
Increase/(decrease) in trade & other payables	23	13,838	1,491
Increase/(decrease) in other current liabilities		0	0
Provisions utilised	30	0	0
Increase/(decrease) in provisions	30	0	0
<b>Net Cash Inflow (Outflow) from Operating Activities</b>		<b>(510,957)</b>	<b>(217,285)</b>
<b>Cash Flows from Investing Activities</b>			
Interest received		0	0
(Payments) for property, plant and equipment		0	0
(Payments) for intangible assets		0	0
(Payments) for investments with the Department of Health		0	0
(Payments) for other financial assets		0	0
(Payments) for financial assets (LIFT)		0	0
Proceeds from disposal of assets held for sale: property, plant and equipment		0	0
Proceeds from disposal of assets held for sale: intangible assets		0	0
Proceeds from disposal of investments with the Department of Health		0	0
Proceeds from disposal of other financial assets		0	0
Proceeds from disposal of financial assets (LIFT)		0	0
Loans made in respect of LIFT		0	0
Loans repaid in respect of LIFT		0	0
Rental revenue		0	0
<b>Net Cash Inflow (Outflow) from Investing Activities</b>		<b>0</b>	<b>0</b>
<b>Net Cash Inflow (Outflow) before Financing</b>		<b>(510,957)</b>	<b>(217,285)</b>
<b>Cash Flows from Financing Activities</b>			
Grant in Aid Funding Received		510,957	217,269
Other loans received		0	0
Other loans repaid		0	0
Capital element of payments in respect of finance leases and on Statement of Financial Position PFI and LIFT		0	0
Capital grants and other capital receipts		0	0
Capital receipts surrendered		0	0
<b>Net Cash Inflow (Outflow) from Financing Activities</b>		<b>510,957</b>	<b>217,269</b>
<b>Net Increase (Decrease) in Cash &amp; Cash Equivalents</b>	20	<b>0</b>	<b>(16)</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Financial Year</b>		<b>0</b>	<b>16</b>
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		0	0
<b>Cash &amp; Cash Equivalents (including bank overdrafts) at the End of the Financial Year</b>		<b>0</b>	<b>0</b>

The notes on pages 5 to 47 form part of this statement.

Notes to the financial statements

1 **Accounting Policies**

NHS England has directed that the financial statements of NHS Clinical Commissioning Groups shall meet the accounting requirements of the Group Accounting Manual issued by the Department of Health and Social Care. Consequently, the following financial statements have been prepared in accordance with the Group Accounting Manual 2017-18 issued by the Department of Health and Social Care. The accounting policies contained in the Group Accounting Manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to NHS 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 NHS Clinical Commissioning Group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the NHS Clinical Commissioning Group are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 **Going Concern**

These accounts have been prepared on the going concern basis despite the issue of a report to the Secretary of State for Health and Social Care under section 30(b) of the Local Audit and Accountability Act 2014 as a result of the NHS Clinical Commissioning Group being in breach of the amount of spend specified by NHS England for 2017-18 by £3.4m. The going concern assessment is based on; the NHS Clinical Commissioning Group having agreed a financial plan with NHS England for 2018-19; the NHS Clinical Commissioning Group having been notified of its 2018-19 allocation; and the NHS Clinical Commissioning Group having been notified of a Maximum Cash Drawdown figure for 2018-19.

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

1.2 **Accounting Convention**

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

1.3 **Acquisitions & Discontinued Operations**

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

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

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

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

1.5 **Charitable Funds**

Under the provisions of IAS 27: Consolidated & Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entities' accounts.

1.6 **Pooled Budgets**

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

If the NHS Clinical Commissioning Group is in a "jointly controlled operation", the NHS Clinical Commissioning Group recognises:

- The assets the NHS Clinical Commissioning Group controls;
- The liabilities the NHS Clinical Commissioning Group incurs;
- The expenses the NHS Clinical Commissioning Group incurs; and,
- The NHS Clinical Commissioning Group's share of the income from the pooled budget activities.

If the NHS Clinical Commissioning Group is involved in a "jointly controlled assets" arrangement, in addition to the above, the NHS Clinical Commissioning Group recognises:

- The NHS Clinical Commissioning Group's share of the jointly controlled assets (classified according to the nature of the assets);
- The NHS Clinical Commissioning Group's share of any liabilities incurred jointly; and,
- The NHS Clinical Commissioning Group's share of the expenses jointly incurred.

1.7 **Critical Accounting Judgements & Key Sources of Estimation Uncertainty**

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

1.7.1 **Critical Judgements in Applying Accounting Policies**

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

The NHS Clinical Commissioning Group's portfolio of leases has been reviewed and a management judgement has been made that the leases should be classified as operating leases.

1.7.2 **Key Sources of Estimation Uncertainty**

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

There are a number of accruals within the Statement of Financial Position where estimation techniques are applied. This is because the outturn information is not available at the time of preparation of the financial statements. Examples of significant accruals involving estimates are; prescribing costs; and expenditure on secondary, tertiary and independent sector activity information.

Notes to the financial statements

- 1.8 **Revenue**  
Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.  
Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.
- 1.9 **Employee Benefits**
- 1.9.1 **Short-term Employee Benefits**  
Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, including bonuses earned but not yet taken.  
The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.
- 1.9.2 **Retirement Benefit Costs**  
Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Clinical Commissioning Group of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.  
For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the NHS Clinical Commissioning Group commits itself to the retirement, regardless of the method of payment.
- 1.10 **Other Expenses**  
Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.  
Expenses and liabilities in respect of grants are recognised when the NHS Clinical Commissioning Group has a present legal or constructive obligation, which occurs when all of the conditions attached to the payment have been met.
- 1.11 **Property, Plant & Equipment**
- 1.11.1 **Recognition**  
Property, plant and equipment is capitalised if:
- It is held for use in delivering services or for administrative purposes;
  - It is probable that future economic benefits will flow to, or service potential will be supplied to the NHS 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.
- 1.11.2 **Valuation**  
All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at valuation.  
Land and buildings used for the NHS Clinical Commissioning Group's services or for administrative purposes are stated in the Statement of Financial Position at their re-valued amounts, being the fair value at the date of revaluation less any impairment.  
Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:
- Land and non-specialised buildings – market value for existing use; and,
  - Specialised buildings – depreciated replacement cost.
- HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.  
Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.  
Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from 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.
- 1.11.3 **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.



Notes to the financial statements

1.12 **Intangible Assets**

1.12.1 **Recognition**

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

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

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

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

1.12.2 **Measurement**

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

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of depreciated replacement cost or the value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.13 **Depreciation, Amortisation & Impairments**

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

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the NHS Clinical Commissioning Group expects to obtain economic benefits or service potential from the asset. This is specific to the NHS 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 NHS Clinical Commissioning Group checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.14 **Donated Assets**

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

1.15 **Government Grants**

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

1.16 **Non-current Assets Held For Sale**

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

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

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

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

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

1.17 **Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Notes to the financial statements

1.17.1 **The NHS 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 NHS Clinical Commissioning Group's surplus/deficit. Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred. Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.17.2 **The Clinical Commissioning Group as Lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS 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 NHS Clinical Commissioning Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.18 **Private Finance Initiative Transactions**

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

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

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

1.18.1 **Services Received**

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

1.18.2 **PFI Asset**

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

1.18.3 **PFI Liability**

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

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

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

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

1.18.4 **Lifecycle Replacement**

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Clinical Commissioning Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

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

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

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

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Clinical Commissioning Group's Statement of Financial Position.

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

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

1.19 **Inventories**

Inventories are valued at the lower of cost and net realisable value.

1.20 **Cash & Cash Equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS Clinical Commissioning Group's cash management.

Notes to the financial statements

1.21 **Provisions**

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the NHS Clinical Commissioning Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.22 **Clinical Negligence Costs**

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

1.23 **Non-clinical Risk Pooling**

The NHS Clinical Commissioning Group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS 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.

1.24 **Carbon Reduction Commitment Scheme**

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

1.25 **Contingencies**

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

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

1.26 **Financial Assets**

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

Financial assets are classified into the following categories:

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

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

1.26.1 **Financial Assets at Fair Value Through Profit and Loss**

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the NHS Clinical Commissioning Group's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

1.26.2 **Held to Maturity Assets**

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

1.26.3 **Available For Sale Financial Assets**

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

Notes to the financial statements

1.26.4 **Loans & Receivables**

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

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

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

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

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

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

1.27 **Financial Liabilities**

Financial liabilities are recognised on the Statement of Financial Position when the NHS 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.

1.27.1 **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.

1.27.2 **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 NHS Clinical Commissioning Group's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

1.27.3 **Other Financial Liabilities**

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

1.28 **Value Added Tax**

Most of the activities of the NHS 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.

1.29 **Foreign Currencies**

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

1.3 **Third Party Assets**

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

1.31 **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 NHS Clinical Commissioning Group not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 **Subsidiaries**

Material entities over which the NHS Clinical Commissioning Group has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the NHS Clinical Commissioning Group or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.33 **Associates**

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

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

1.34 **Joint Ventures**

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

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

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### Notes to the financial statements

#### 1.35 **Joint Operations**

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

#### 1.36 **Research & Development**

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

#### 1.37 **Accounting Standards That Have Been Issued But Have Not Yet Been Adopted**

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

- IFRS 9: Financial Instruments ( application from 1 January 2018)
- IFRS 14: Regulatory Deferral Accounts ( not applicable to DH groups bodies)
- IFRS 15: Revenue for Contract with Customers (application from 1 January 2018)
- IFRS 16: Leases (application from 1 January 2019)
- IFRS 17: Insurance Contracts (application from 1 January 2021)
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (application from 1 January 2018)
- IFRIC 23: Uncertainty over Income Tax Treatments (application from 1 January 2019)

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

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 2 Other Operating Revenue

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
Recoveries in respect of employee benefits	92	0	92	101
Patient transport services	0	0	0	0
Prescription fees and charges	0	0	0	0
Dental fees and charges	0	0	0	0
Education, training and research	30	0	30	63
Non-patient care services to other bodies	69	0	69	0
Other revenue	215	181	34	64
<b>Total other operating revenue</b>	<b>406</b>	<b>181</b>	<b>225</b>	<b>228</b>

Recoveries in respect of employee benefits relates to funding received from MacMillan Cancer Care in respect of contributions to service development posts (£92k).

Education, training and research revenue relates to funding received from Health Education England in respect of CPD (£30k).

Non-patient care services to other bodies relates to income received from Cumbria County Council in respect of a contribution to CAMHS costs (£69k).

Other revenue relates to income from NHS North East CSU for use of CCG premises by their staff (£181k), the National Institute for Health Research in respect of research capability funding (£20k) and MacMillan Cancer Care in respect of patient events costs (£14k).

Revenue in this note does not include cash received from NHS England, which is drawn down directly into the bank account of the NHS Clinical Commissioning Group and credited to the General Fund.

### 3 Revenue

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
From rendering of services	406	181	225	228
From sale of goods	0	0	0	0
<b>Total</b>	<b>406</b>	<b>181</b>	<b>225</b>	<b>228</b>

NHS Morecambe Bay CCG - Annual Accounts 2017-18

4 Employee benefits and staff numbers

4.1.1 Employee benefits

	2017-18	Total	
	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits			
Salaries and wages	4,999	3,175	1,824
Social security costs	366	366	0
Employer Contributions to NHS Pension scheme	329	329	0
Other pension costs	0	0	0
Apprenticeship Levy	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
<b>Gross employee benefits expenditure</b>	<b>5,694</b>	<b>3,870</b>	<b>1,824</b>
Less recoveries in respect of employee benefits (note 4.1.2)	(93)	(93)	0
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>5,601</b>	<b>3,777</b>	<b>1,824</b>
Less: Employee costs capitalised	0	0	0
<b>Net employee benefits excluding capitalised costs</b>	<b>5,601</b>	<b>3,777</b>	<b>1,824</b>

4.1.1 Employee benefits

	2016-17	Total	
	Total £'000	Permanent Employees £'000	Other £'000
Employee Benefits			
Salaries and wages	3,179	1,375	1,804
Social security costs	173	173	0
Employer Contributions to NHS Pension scheme	172	172	0
Other pension costs	0	0	0
Apprenticeship Levy	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
<b>Gross employee benefits expenditure</b>	<b>3,524</b>	<b>1,720</b>	<b>1,804</b>
Less recoveries in respect of employee benefits (note 4.1.2)	(101)	(101)	0
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>3,423</b>	<b>1,619</b>	<b>1,804</b>
Less: Employee costs capitalised	0	0	0
<b>Net employee benefits excluding capitalised costs</b>	<b>3,423</b>	<b>1,619</b>	<b>1,804</b>

4.1.2 Recoveries in respect of employee benefits

	2017-18			2016-17
	Total £'000	Permanent Employees £'000	Other £'000	Total £'000
<b>Employee Benefits - Revenue</b>				
Salaries and wages	(74)	(74)	0	(85)
Social security costs	(8)	(8)	0	(7)
Employer contributions to the NHS Pension Scheme	(11)	(11)	0	(9)
Other pension costs	0	0	0	0
Other post-employment benefits	0	0	0	0
Other employment benefits	0	0	0	0
Termination benefits	0	0	0	0
<b>Total recoveries in respect of employee benefits</b>	<b>(93)</b>	<b>(93)</b>	<b>0</b>	<b>(101)</b>

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 4.2 Average number of people employed

	<b>Total Number</b>	<b>2017-18 Permanently employed Number</b>	<b>Other Number</b>	<b>2016-17 Total Number</b>
<b>Total</b>	<b>98</b>	<b>76</b>	<b>22</b>	<b>48</b>

The NHS Clinical Commissioning Group had no staff engaged on capital projects during the financial year.

### 4.3 Staff sickness absence and ill health retirements

	<b>2017-18 Number</b>	<b>2016-17 Number</b>
Total Days Lost	172	106
Total Staff Years	47	26
<b>Average working Days Lost</b>	<b>3.64</b>	<b>4.08</b>

	<b>2017-18 Number</b>	<b>2016-17 Number</b>
Number of persons retired early on ill health grounds	0	0
	<b>£'000</b>	<b>£'000</b>
Total additional Pensions liabilities accrued in the year	0	0

*Ill health retirement costs are met by the NHS Pension Scheme.*

### 4.4 Exit packages agreed in the financial year

The NHS Clinical Commissioning Group agreed no exit packages in the financial year and there were no other agreed departures.



## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **4.5 Pension costs**

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

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

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

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

#### **4.5.1 Accounting valuation**

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

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

#### **4.5.2 Full actuarial (funding) valuation**

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

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

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

For 2017-18, employers' contributions of £329k were payable to the NHS Pensions Scheme (2016-17: £172k) were payable to the NHS Pension Scheme at the rate of 14.38% of pensionable pay. The scheme's actuary reviews employer contributions, usually every four years and now based on HMT Valuation Directions, following a full scheme valuation. The latest review used data from 31 March 2012 and was published on the Government website on 9 June 2012. These costs are included in the NHS pension line of note 4.1.1.

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5 Operating expenses

	2017-18 Total £'000	2017-18 Admin £'000	2017-18 Programme £'000	2016-17 Total £'000
<b>Gross employee benefits</b>				
Employee benefits excluding governing body members	4,534	2,697	1,837	2,759
Executive governing body members	1,160	1,160	0	766
<b>Total gross employee benefits</b>	<b>5,694</b>	<b>3,857</b>	<b>1,837</b>	<b>3,525</b>
<b>Other costs</b>				
Services from other CCGs and NHS England	3,923	1,871	2,052	1,948
Services from foundation trusts	335,076	40	335,036	134,744
Services from other NHS trusts	24,851	0	24,851	8,501
Sustainability Transformation Fund	0	0	0	0
Services from other WGA bodies	5	5	0	5
Purchase of healthcare from non-NHS bodies	67,235	0	67,235	34,771
Purchase of social care	15,298	0	15,298	0
Chair and Non Executive Members	37	37	0	28
Supplies and services – clinical	106	0	106	46
Supplies and services – general	1,006	20	986	1,426
Consultancy services	101	40	61	138
Establishment	3,047	174	2,873	1,610
Transport	60	12	48	15
Premises	1,726	453	1,273	918
Impairments and reversals of receivables	0	0	0	0
Inventories written down and consumed	0	0	0	0
Depreciation	12	12	0	26
Amortisation	0	0	0	0
Impairments and reversals of property, plant and equipment	0	0	0	0
Impairments and reversals of intangible assets	0	0	0	0
Impairments and reversals of financial assets				
- Assets carried at amortised cost	0	0	0	0
- Assets carried at cost	0	0	0	0
- Available for sale financial assets	0	0	0	0
Impairments and reversals of non-current assets held for sale	0	0	0	0
Impairments and reversals of investment properties	0	0	0	0
Audit fees	52	52	0	54
Other non statutory audit expenditure				
- Internal audit services	36	36	0	36
- Other services	0	0	0	0
General dental services and personal dental services	0	0	0	0
Prescribing costs	57,426	0	57,426	26,123
Pharmaceutical services	1	0	1	0
General ophthalmic services	77	0	77	39
GPMS/APMS and PCTMS	6,485	0	6,485	3,557
Other professional fees excl. audit	196	196	0	274
Legal fees	460	261	199	0
Grants to Other bodies	0	0	0	0
Clinical negligence	0	0	0	0
Research and development (excluding staff costs)	19	0	19	20
Education and training	172	24	148	27
Change in discount rate	0	0	0	0
Provisions	0	0	0	0
Funding to group bodies	0	0	0	0
CHC Risk Pool contributions	0	0	0	385
Non cash apprenticeship training grants	0	0	0	0
Other expenditure	144	0	144	186
<b>Total other costs</b>	<b>517,550</b>	<b>3,233</b>	<b>514,317</b>	<b>214,877</b>
<b>Total operating expenses</b>	<b>523,244</b>	<b>7,090</b>	<b>516,154</b>	<b>218,403</b>

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 6.1 Better Payment Practice Code

Measure of compliance	2017-18 Number	2017-18 £'000	2016-17 Number	2016-17 £'000
<b>Non-NHS Payables</b>				
Total Non-NHS Trade invoices paid in the Year	17,284	98,069	8,733	49,576
Total Non-NHS Trade Invoices paid within target	17,264	98,014	8,706	49,562
<b>Percentage of Non-NHS Trade invoices paid within target</b>	<b>99.88%</b>	<b>99.94%</b>	<b>99.69%</b>	<b>99.97%</b>
<b>NHS Payables</b>				
Total NHS Trade Invoices Paid in the Year	3,703	375,679	2,854	150,437
Total NHS Trade Invoices Paid within target	3,703	375,679	2,851	150,435
<b>Percentage of NHS Trade Invoices paid within target</b>	<b>100.00%</b>	<b>100.00%</b>	<b>99.89%</b>	<b>100.00%</b>

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

The NHS Clinical Commissioning Group made no payments under the Late Payment of Commercial Debts (Interest) Act 1998 during the financial year.

### 7 Income Generation Activities

The NHS Clinical Commissioning Group does not undertake any income generation activities.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **8 Investment revenue**

The NHS Clinical Commissioning Group had no investment revenue in the financial year.

### **9 Other gains and losses**

The NHS Clinical Commissioning Group had no other gains or losses in the financial year.

### **10 Finance costs**

The NHS Clinical Commissioning Group had no other finance costs in the financial year.

**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

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

No functions were transferred to the NHS Clinical Commissioning Group during 2016-17 therefore no gain or loss was recognised during the financial year.

**12 Operating Leases**

**12.1 As lessee**

Despite no leases being formally in place in respect of the NHS Clinical Commissioning Group's occupation of premises and its relationship with NHS Property Services

**12.1.1 Payments recognised as an Expense**

	2017-18				2016-17			
	Land £'000	Buildings £'000	Other £'000	Total £'000	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Payments recognised as an expense</b>								
Minimum lease payments	0	1,566	23	<b>1,589</b>	0	909	7	<b>916</b>
Contingent rents	0	0	0	<b>0</b>	0	0	0	<b>0</b>
Sub-lease payments	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>1,566</b>	<b>23</b>	<b>1,589</b>	<b>0</b>	<b>909</b>	<b>7</b>	<b>916</b>

The NHS Clinical Commissioning Group occupies property leased and managed by NHS Property Services Ltd. For 2017-18 rental payments based on Market Rents were agreed. This is reflected in Note 12.1.1. Whilst the NHS Clinical Commissioning Group's arrangements with NHS Property Services Ltd. fall within the definition of operating leases, the rental charge for future years has not yet been agreed. Consequently this note does not include future minimum lease payments for these arrangements only.

**12.1.2 Future minimum lease payments**

	2017-18				2016-17			
	Land £'000	Buildings £'000	Other £'000	Total £'000	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Payable:</b>								
No later than one year	0	0	6	<b>6</b>	0	0	3	<b>3</b>
Between one and five years	0	0	0	<b>0</b>	0	0	2	<b>2</b>
After five years	0	0	0	<b>0</b>	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

**12.2 As lessor**

The NHS Clinical Commissioning Group was party to no leases during 2017-18 as lessor.

13 Property, plant and equipment

2017-18	Land £'000	Buildings excluding dwellings £'000	Dwellings £'000	Assets under construction and payments on account £'000	Plant & machinery £'000	Transport equipment £'000	Information technology £'000	Furniture & fittings £'000	Total £'000
<b>Cost or valuation at 01 April 2017</b>	0	0	0	0	0	0	69	62	131
Addition of assets under construction and payments on account				0					0
Additions purchased	0	0	0	0	0	0	0	0	0
Additions donated	0	0	0	0	0	0	0	0	0
Additions government granted	0	0	0	0	0	0	0	0	0
Additions leased	0	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation gains	0	0	0	0	0	0	0	0	0
Impairments charged	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Transfer (to)/from other public sector body	0	0	0	0	0	0	0	0	0
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	0
<b>Cost/Valuation at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>62</b>	<b>131</b>
<b>Depreciation 01 April 2017</b>	0	0	0	0	0	0	63	56	119
Reclassifications	0	0	0	0	0	0	0	0	0
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	0
Disposals other than by sale	0	0	0	0	0	0	0	0	0
Upward revaluation gains	0	0	0	0	0	0	0	0	0
Impairments charged	0	0	0	0	0	0	0	0	0
Reversal of impairments	0	0	0	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0	6	6	12
Transfer (to)/from other public sector body	0	0	0	0	0	0	0	0	0
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	0
<b>Depreciation at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>62</b>	<b>131</b>
<b>Net Book Value at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
Purchased	0	0	0	0	0	0	(0)	0	(0)
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>Asset financing:</b>									
Owned	0	0	0	0	0	0	(0)	0	(0)
Held on finance lease	0	0	0	0	0	0	0	0	0
On-SOFP Lift contracts	0	0	0	0	0	0	0	0	0
PFI residual: interests	0	0	0	0	0	0	0	0	0
<b>Total at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>

Revaluation Reserve Balance for Property, Plant & Equipment

	Land £'000	Buildings £'000	Dwellings £'000	Assets under construction & payments on account £'000	Plant & machinery £'000	Transport equipment £'000	Information technology £'000	Furniture & fittings £'000	Total £'000
<b>Balance at 01 April 2017</b>	0	0	0	0	0	0	0	0	0
Revaluation gains	0	0	0	0	0	0	0	0	0
Impairments	0	0	0	0	0	0	0	0	0
Release to general fund	0	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0	0
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **13 Property, plant and equipment cont'd**

#### **13.1 Additions to assets under construction**

The NHS Clinical Commissioning Group made no additions to Assets Under Construction in 2017-18.

#### **13.2 Donated assets**

The NHS Clinical Commissioning Group held no Donated Assets during 2017-18.

#### **13.3 Government granted assets**

The NHS Clinical Commissioning Group held no Government Granted Assets during 2017-18.

#### **13.4 Property revaluation**

The NHS Clinical Commissioning Group held no Property during 2017-18.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 13 Property, plant and equipment cont'd

#### 13.5 Compensation from third parties

The NHS Clinical Commissioning Group received no compensation from third parties for assets impaired,

#### 13.6 Write downs to recoverable amount

No assets were written down to recoverable amounts and there were no reversals of previous write-downs during 2017-18.

#### 13.7 Temporarily idle assets

The NHS Clinical Commissioning Group had no temporarily idle assets as at 31 March 2018.

#### 13.8 Cost or valuation of fully depreciated assets

The NHS Clinical Commissioning Group had no fully depreciated assets still in use as at 31 March 2018.

#### 13.9 Economic lives

	<b>Minimum Life (years)</b>	<b>Maximum Life (Years)</b>
Buildings excluding dwellings	0	0
Dwellings	0	0
Plant & machinery	0	0
Transport equipment	0	0
Information technology	2	5
Furniture & fittings	5	10



## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **14 Intangible non-current assets**

The NHS Clinical Commissioning Group held no intangible non-current assets during 2017-18.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **14 Intangible non-current assets cont'd**

#### **14.1 Donated assets**

The NHS Clinical Commissioning Group had no Donated Assets during 2017-18.

#### **14.2 Government granted assets**

The NHS Clinical Commissioning Group had no Government Granted Assets during 2017-18.

#### **14.3 Revaluation**

The NHS Clinical Commissioning Group revalued no assets during 2017-18.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **14 Intangible non-current assets cont'd**

#### **14.4 Compensation from third parties**

The NHS Clinical Commissioning Group received no compensation from third parties for assets impaired, lost or given up, that is included in the Statement of Comprehensive Net Expenditure during 2017-18.

#### **14.5 Write downs to recoverable amount**

No assets were written down to recoverable amounts and there were no reversals of previous write-downs during 2017-18.

#### **14.6 Non-capitalised assets**

During 2017-18 no significant intangible assets were controlled by the NHS Clinical Commissioning Group but not recognised as assets because they didn't meet the recognition criteria of IAS 38.

#### **14.7 Temporarily idle assets**

The NHS Clinical Commissioning Group had no temporarily idle assets as at 31 March 2018.

#### **14.8 Cost or valuation of fully amortised assets**

The NHS Clinical Commissioning Group had no fully depreciated assets still in use as at 31 March 2018.

#### **14.9 Economic lives**

The NHS Clinical Commissioning Group held no intangible non-current assets during 2017-18.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **15 Investment property**

The NHS Clinical Commissioning Group held no investment property as at 31 March 2018.

### **16 Inventories**

The NHS Clinical Commissioning Group held no inventories as at 31 March 2018.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

17 Trade and other receivables	Current 2017-18 £'000	Non-current 2017-18 £'000	Current 2016-17 £'000	Non-current 2016-17 £'000
NHS receivables: Revenue	132	0	580	0
NHS receivables: Capital	0	0	0	0
NHS prepayments	16	0	0	0
NHS accrued income	1,707	0	204	0
Non-NHS and Other WGA receivables: Revenue	1,240	0	125	0
Non-NHS and Other WGA receivables: Capital	0	0	0	0
Non-NHS and Other WGA prepayments	16	0	165	0
Non-NHS and Other WGA accrued income	61	0	146	0
Provision for the impairment of receivables	0	0	0	0
VAT	21	0	5	0
Private finance initiative and other public private partnership arrangement prepayments and accrued income	0	0	0	0
Interest receivables	0	0	0	0
Finance lease receivables	0	0	0	0
Operating lease receivables	0	0	0	0
Other receivables and accruals	0	0	0	0
<b>Total Trade &amp; other receivables</b>	<b>3,193</b>	<b>0</b>	<b>1,225</b>	<b>0</b>
<b>Total current and non current</b>	<b>3,193</b>		<b>1,225</b>	
Included above:				
Prepaid pensions contributions	0		0	

The great majority of trade is with NHS England. As NHS England is funded by Government to provide funding to NHS Clinical Commissioning Groups to commission services, no credit scoring of them is considered necessary.

### 17.1 Receivables past their due date but not impaired

	2017-18 £'000 DH Group Bodies	2017-18 £'000 Group Bodies	2016-17 £'000 All receivables prior years
By up to three months	114	707	121
By three to six months	0	287	57
By more than six months	18	245	0
<b>Total</b>	<b>132</b>	<b>1,239</b>	<b>178</b>

The majority of receivables past their due date but not impaired relate to transactions with Cumbria County Council in respect of recharges for Learning Disabilities pooled fund patients.

The NHS Clinical Commissioning Group did not hold any collateral against receivables outstanding at 31 March 2018.

### 17.2 Provision for impairment of receivables

	2017-18 £'000 DH Group Bodies	2017-18 £'000 Group Bodies	2016-17 £'000 All receivables prior years
<b>Balance at 01 April 2017</b>	0	0	0
Amounts written off during the year	0	0	0
Amounts recovered during the year	0	0	0
(Increase) decrease in receivables impaired	0	0	0
Transfer (to) from other public sector body	0	0	0
<b>Balance at 31 March 2018</b>	<b>0</b>	<b>0</b>	<b>0</b>

The NHS Clinical Commissioning Group's aged debt report is reviewed in order to determine the recovery status of the debtor balances. Each item is considered on a case by case basis. It is anticipated that all outstanding receivables will be paid and therefore no amounts have been written off in 2017-18.

	2017-18 £'000	2016-17 £'000
Receivables are provided against at the following rates:		
NHS debt	0	0

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **18 Other financial assets**

The NHS Clinical Commissioning Group had no other financial assets as at 31 March 2018.

### **19 Other current assets**

The NHS Clinical Commissioning Group had no other current assets as at 31 March 2018.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 20 Cash and cash equivalents

	2017-18 £'000	2016-17 £'000
<b>Balance at 01 April 2017</b>	0	16
Net change in year	0	(16)
<b>Balance at 31 March 2018</b>	<u>0</u>	<u>0</u>
Made up of:		
Cash with the Government Banking Service	0	0
Cash with Commercial banks	0	0
Cash in hand	0	0
Current investments	0	0
<b>Cash and cash equivalents as in Statement of Financial Position</b>	<u>0</u>	<u>0</u>
Bank overdraft: Government Banking Service	0	0
Bank overdraft: Commercial banks	0	0
<b>Total bank overdrafts</b>	<u>0</u>	<u>0</u>
<b>Balance at 31 March 2018</b>	<u>0</u>	<u>0</u>

**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

**21 Non-current assets held for sale**

The NHS Clinical Commissioning Group held no non-current assets for sale as at 31 March 2018.



**NHS Morecambe Bay CCG - Annual Accounts 2017-18**

**22 Analysis of impairments and reversals**

The NHS Clinical Commissioning Group had no impairments or reversals of impairments recognised in expenditure during 2017-18.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

<b>23 Trade and other payables</b>	<b>Current 2017-18 £'000</b>	<b>Non-current 2017-18 £'000</b>	<b>Current 2016-17 £'000</b>	<b>Non-current 2016-17 £'000</b>
Interest payable	0	0	0	0
NHS payables: revenue	2,684	0	1,737	0
NHS payables: capital	0	0	0	0
NHS accruals	1,214	0	658	0
NHS deferred income	0	0	0	0
Non-NHS and Other WGA payables: Revenue	4,654	0	4,529	0
Non-NHS and Other WGA payables: Capital	0	0	0	0
Non-NHS and Other WGA accruals	10,241	0	6,186	0
Non-NHS and Other WGA deferred income	0	0	0	0
Social security costs	52	0	25	0
VAT	0	0	0	0
Tax	54	0	25	0
Payments received on account	6	0	0	0
Other payables and accruals	9,186	0	1,093	0
<b>Total Trade &amp; Other Payables</b>	<b>28,091</b>	<b>0</b>	<b>14,253</b>	<b>0</b>
Total current and non-current	<b>28,091</b>		<b>14,253</b>	

Other payables include £47k outstanding pension contributions at 31 March 2018 (31 March 2017: £25k).

### 24 Other financial liabilities

The NHS Clinical Commissioning Group had no other financial liabilities as at 31 March 2018.

### 25 Other liabilities

The NHS Clinical Commissioning Group had no other liabilities as at 31 March 2018.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **26 Borrowings**

The NHS Clinical Commissioning Group had no borrowings as at 31 March 2018.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **27 Private finance initiative, LIFT and other service concession arrangements**

#### **27.1 Off-Statement of Financial Position private finance initiative and other service concession arrangements**

The NHS Clinical Commissioning Group had no private finance initiative, LIFT or other service concession agreements that were excluded from the Statement of Financial Position as at 31 March 2018.

##### **27.1.1 Payments committed to in respect of off-Statement of Financial Position LIFT schemes**

The NHS Clinical Commissioning Group had no private finance initiative, LIFT or other service concession arrangements that were included in the Statement of Financial Position as at 31 March 2018.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **28 Finance lease obligations**

The NHS Clinical Commissioning Group had no finance lease obligations as at 31 March 2018.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **29 Finance lease receivables**

The NHS Clinical Commissioning Group had no finance lease receivables as at 31 March 2018.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **30 Provisions**

The NHS Clinical Commissioning Group had no provisions as at 31 March 2018. 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 NHS Clinical Commissioning Group. However, the legal liability remains with the NHS Clinical Commissioning Group. The total value of legacy NHS Continuing Healthcare provisions accounted for by NHS England on behalf of the NHS Clinical Commissioning Group as at 31 March 2018 is £0.

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **31 Contingencies**

The NHS Clinical Commissioning Group had no contingent liabilities as at 31 March 2018. 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 NHS Clinical Commissioning Group. However, the legal liability remains with the NHS Clinical Commissioning Group. The total value of legacy NHS Continuing Healthcare contingent liabilities accounted for by NHS England on behalf of the NHS Clinical Commissioning Group as at 31 March 2018 is £575,000.



## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **32 Commitments**

#### **32.1 Capital commitments**

The NHS Clinical Commissioning Group had no contracted capital commitments not otherwise included in these financial statements as at 31 March 2018.

#### **32.2 Other financial commitments**

The NHS Clinical Commissioning Group had no non-cancellable contracts (which were not leases, private finance initiative contracts or other service concession arrangements) as at 31 March 2018.

### **33 Financial instruments**

#### **33.1 Financial risk management**

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

Because the NHS Clinical Commissioning Group is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The NHS 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 NHS Clinical Commissioning Group in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the NHS Clinical Commissioning Group's standing financial instructions and policies agreed by the Governing Body. Treasury activity is subject to review by the NHS Clinical Commissioning Group and its internal auditors.

##### **33.1.1 Currency risk**

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

##### **33.1.2 Interest rate risk**

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

##### **33.1.3 Credit risk**

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

##### **33.1.3 Liquidity risk**

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

NHS Morecambe Bay CCG - Annual Accounts 2017-18

33 Financial instruments cont'd

33.2 Financial assets

	At 'fair value through profit and loss' 2017-18 £'000	Loans and Receivables 2017-18 £'000	Available for Sale 2017-18 £'000	Total 2017-18 £'000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	1,839	0	1,839
· Non-NHS	0	1,301	0	1,301
Cash at bank and in hand	0	0	0	0
Other financial assets	0	0	0	0
<b>Total at 31 March 2018</b>	<b>0</b>	<b>3,140</b>	<b>0</b>	<b>3,140</b>

	At 'fair value through profit and loss' 2016-17 £'000	Loans and Receivables 2016-17 £'000	Available for Sale 2016-17 £'000	Total 2016-17 £'000
Embedded derivatives	0	0	0	0
Receivables:				
· NHS	0	785	0	785
· Non-NHS	0	271	0	271
Cash at bank and in hand	0	0	0	0
Other financial assets	0	0	0	0
<b>Total at 31 March 2017</b>	<b>0</b>	<b>1,056</b>	<b>0</b>	<b>1,056</b>

33.3 Financial liabilities

	At 'fair value through profit and loss' 2017-18 £'000	Other 2017-18 £'000	Total 2017-18 £'000
Embedded derivatives	0	0	0
Payables:			
· NHS	0	3,898	3,898
· Non-NHS	0	24,081	24,081
Private finance initiative, LIFT and finance lease obligations	0	0	0
Other borrowings	0	0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2018</b>	<b>0</b>	<b>27,979</b>	<b>27,979</b>

	At 'fair value through profit and loss' 2016-17 £'000	Other 2016-17 £'000	Total 2016-17 £'000
Embedded derivatives	0	0	0
Payables:			
· NHS	0	2,394	2,394
· Non-NHS	0	11,809	11,809
Private finance initiative, LIFT and finance lease obligations	0	0	0
Other borrowings	0	0	0
Other financial liabilities	0	0	0
<b>Total at 31 March 2017</b>	<b>0</b>	<b>14,203</b>	<b>14,203</b>

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **34 Operating segments**

The NHS Clinical Commissioning Group considers it has only one segment; commissioning of healthcare services.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 35 Pooled budgets

The NHS Clinical Commissioning Group had entered into an existing pooled budget with Lancashire County Council, for Learning Disabilities services. The pool is hosted by Lancashire County Council.

Under the arrangements funds are pooled under Section 75 of the NHS Act 2006 for; Services for Adults with Learning Disabilities.

The unaudited memorandum of account for the pooled budget for 2017-18 identifies income of £33,295k and expenditure of £41,444k, resulting in a net deficit of £8,149k. The contribution made by the NHS Clinical Commissioning Group was £1,752k, representing 4.23% of the total funding.

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

	<b>2017-18</b>	2016-17
	<b>£'000</b>	£'000
Services for Adults with Learning Disabilities:		
Income	0	0
Expenditure (less adjustment for previous period)	(1,752)	(1,669)

From 1 April 2015 the NHS Clinical Commissioning Group had entered into a second pooled budget with Lancashire County Council, in respect of the Better Care Fund initiative. The pool is hosted by Lancashire County Council.

Under the arrangements funds are pooled under Section 75 of the NHS Act 2006 for; the Better Care Fund initiative. The Better Care Fund is designed to create a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services.

All partners account for their own share of the pool's income, expenditure, assets and liabilities in line with the agreement.

The unaudited memorandum of account for the pooled budget for 2017-18 identifies income of £93,489k and expenditure of £93,489k, resulting in a net breakeven position. The total contribution made by the NHS Clinical Commissioning Group was £10,798k, of which £7,251k was returned by Lancashire County Council for use by the NHS Clinical Commissioning Group in commissioning services. Lancashire County Council retained £3,547k for use in commissioning services.

In 2017-18 additional funding has been made available by Lancashire County Council in respect of slippage on the improved BCF (iBCF) scheme. The total received by the NHS Clinical Commissioning Group was £1,281k, which was all used to fund additional services provided by a number of providers.

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

	<b>2017-18</b>	2016-17
	<b>£'000</b>	£'000
Better Care Fund Services:		
Income: BCF	7,251	7,208
Income: iBCF	1,281	0
Expenditure	(10,798)	(10,525)

From 1 April 2017 the NHS Clinical Commissioning Group had entered into a third pooled budget with Cumbria County Council, for Learning Disabilities services. The pool is hosted by Cumbria County Council.

Under the arrangements funds are pooled under Section 75 of the NHS Act 2006 for; Services for Adults with Learning Disabilities.

The unaudited memorandum of account for the pooled budget for 2017-18 identifies income of £28,146k and expenditure of £28,146k, resulting in a net breakeven position. The contribution made by the NHS Clinical Commissioning Group was £2,768k, representing 9.83% of the total funding.

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

	<b>2017-18</b>	2016-17
	<b>£'000</b>	£'000
Services for Adults with Learning Disabilities:		
Income	0	0
Expenditure	(2,768)	0

From 1 April 2017 the NHS Clinical Commissioning Group had entered into a fourth pooled budget with Cumbria County Council, in respect of the Better Care Fund initiative. The pool is hosted by Cumbria County Council.

Under the arrangements funds are pooled under Section 75 of the NHS Act 2006 for; the Better Care Fund initiative. The Better Care Fund is designed to create a local single pooled budget to incentivise the NHS and local government to work more closely together around people, placing their well-being as the focus of health and care services.

All partners account for their own share of the pool's income, expenditure, assets and liabilities in line with the agreement.

The unaudited memorandum of account for the pooled budget for 2017-18 identifies income of £54,075k and expenditure of £54,075k, resulting in a net breakeven position. The total contribution made by the NHS Clinical Commissioning Group was £13,900k, which is a net contribution, i.e. no funding is returned by Cumbria County Council for use by the NHS Clinical Commissioning Group in commissioning services.

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

	<b>2017-18</b>	2016-17
	<b>£'000</b>	£'000
Better Care Fund Services:		
Income	0	0
Expenditure	(13,900)	0

### 36 NHS Lift investments

The NHS Clinical Commissioning Group had no NHS LIFT investments as at 31 March 2018.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 37 Intra-government and other balances

	Current Receivables 2017-18 £000	Non-current Receivables 2017-18 £000	Current Payables 2017-18 £000	Non-current Payables 2017-18 £000
<b>Balances with:</b>				
· Other Central Government bodies	0	0	195	0
· Local Authorities	1,205	0	3,916	0
<b>Balances with NHS bodies:</b>				
· NHS bodies outside the Departmental Group	0	0	0	0
· NHS bodies within the NHS England Group	222	0	134	0
· NHS Trusts and Foundation Trusts	1,633	0	3,764	0
<b>Total of balances with NHS bodies:</b>	<b>1,855</b>	<b>0</b>	<b>3,898</b>	<b>0</b>
· Public corporations and trading funds	0	0	20,063	0
· Bodies external to Government	133	0	19	0
<b>Total balances at 31 March 2018</b>	<b>3,193</b>	<b>0</b>	<b>28,091</b>	<b>0</b>

	Current Receivables 2016-17 £000	Non-current Receivables 2016-17 £000	Current Payables 2016-17 £000	Non-current Payables 2016-17 £000
<b>Balances with:</b>				
· Other Central Government bodies	0	0	7	0
· Local Authorities	125	0	2,950	0
<b>Balances with NHS bodies:</b>				
· NHS bodies outside the Departmental Group	0	0	0	0
· NHS bodies within the NHS England Group	532	0	269	0
· NHS Trusts and Foundation Trusts	253	0	2,125	0
<b>Total of balances with NHS bodies:</b>	<b>785</b>	<b>0</b>	<b>2,394</b>	<b>0</b>
· Public corporations and trading funds	0	0	8,433	0
· Bodies external to Government	316	0	469	0
<b>Total balances at 31 March 2017</b>	<b>1,226</b>	<b>0</b>	<b>14,253</b>	<b>0</b>

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 38 Related party transactions

The NHS Clinical Commissioning Group's Membership Council and Governing Body Members were asked to disclose any material transactions that they or their family (or any business that they own or control) have had with any local health-related body during 2017-18.

Details of related party transactions with individuals are as follows:

**\*NOTE: payments shown are those made by the NHS Clinical Commissioning Group to the related party organisation, not the individual listed:**

	Payments to Related Party £'000	Receipts from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from Related Party £'000
Dr A Gaw (CCG Clinical Chair) <b>*see note above:</b>				
- GP Partner, Bay Medical Group	1,689		50	
- Director and shareholder in PDS Medical Ltd.	3,777		100	
- Director in FCMS Ltd.	1			
- Member of North Lancashire Medical Services (NLMS) GP Federation	39			
- Spouse is a Matron employed by East Lancashire Hospitals NHS Trust	1,336		123	
Dr C M Elley (Governing Body GP Member) <b>*see note above:</b>				
- GP Partner, Lancaster Medical Practice	1,117		31	
- Member and shareholder of North Lancashire Medical Services (NLMS) GP Federation	39			
- Spouse is a Clinical Nurse Specialist employed by Blackpool Teaching Hospitals NHS Foundation Trust	16,687		212	
Dr A Maddox (Governing Body GP Member) <b>*see note above:</b>				
- GP Partner, Bay Medical Group	1,689		50	
- Shareholder in PDS Medical Ltd.	3,777		100	
Dr A Knox (Governing Body GP Member) <b>*see note above:</b>				
- GP Partner, Ash Trees Surgery	467		34	
- Member of North Lancashire Medical Services (NLMS) GP Federation	39			
Dr J Hacking (Membership Council GP Member) <b>*see note above:</b>				
- GP Partner, Park View Surgery, Milnthorpe	178		29	
- Member of South Cumbria Primary Care Collaborative GP Federation	7			
- Spouse is a Biomedical Scientist employed by University Hospitals of Morecambe Bay NHS Foundation Trust	219,987			(499)
Dr G Jolliffe (Membership Council GP Member) <b>*see note above:</b>				
- GP Principle, Risedale Surgery	164		27	
- GP employee, Cumbria Health On Call (CHOC)	160		2	
Dr L Dixon (Membership Council GP Member - resigned 30/09/2016) <b>*see note above:</b>				
- GP Partner, Bridgegate Medical Centre	169		46	
Ms S McGraw (CCG Lay Member) <b>*see note above:</b>				
- Chief Executive Officer, St John's Hospice	1,472		56	
- Spouse is employed by North West Ambulance Services NHS Trust	19,980		273	
Dr M Flanagan (CCG Secondary Care Doctor) <b>*see note above:</b>				
- Spouse is employed by Achieve Change Engagement (ACE)				
Mr A Bennett (Chief Officer) <b>*see note above:</b>				
- Spouse is employed as a Specialist Nurse with Lancashire Teaching Hospitals NHS Foundation Trust	18,071		29	
Mr K Parkinson (Chief Finance Officer and Director of Governance) <b>*see note above:</b>				
- Spouse is employed as a Pharmacist with Lancashire Care NHS Foundation Trust	17,816		297	

The Department of Health is regarded as a related party. During the year the NHS Clinical Commissioning Group has had a significant number of material transactions with entities for which the Department is regarded as the parent Department, including:

University Hospitals of Morecambe Bay NHS Foundation Trust	219,987			(499)
Lancashire Care NHS Foundation Trust	17,816		297	
Blackpool Teaching Hospitals NHS Foundation Trust	16,687		212	
North West Ambulance Services NHS Trust	19,980		273	
Wrightington, Wigan and Leigh NHS Foundation Trust	3,792			
Manchester University NHS Foundation Trust	1,621			(28)
University Hospitals of South Manchester NHS Foundation Trust	356			
Central Manchester University Hospitals NHS Foundation Trust	1,148			
Lancashire Teaching Hospitals NHS Foundation Trust	18,071		29	
Mersey Care NHS Foundation Trust	1,536			(102)
East Lancashire Hospitals NHS Trust	1,213		123	
Cumbria Partnership NHS Foundation Trust	49,183		712	

In addition, the NHS Clinical Commissioning Group has had a number of material transactions with other government departments and other central and local government bodies, including:

Lancashire County Council	5,508		2,559	
Cumbria County Council	11,405		2	

## **NHS Morecambe Bay CCG - Annual Accounts 2017-18**

### **39 Events after the end of the reporting period**

The NHS Clinical Commissioning Group is subject to a boundary change from 1 April 2018, under which one practice has moved from NHS Morecambe Bay CCG to NHS Fylde and Wyre CCG. The NHS Clinical Commissioning Group's revenue resource limit will reduce by £26.2m to £497.5m in 2018-19 to reflect the reduced costs associated with the change.

## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 40 Losses and special payments

#### 40.1 Losses

The total number of NHS Clinical Commissioning Group losses and special payments cases, and their total value, was as follows:

	<b>Total Number of Cases 2017-18 Number</b>	<b>Total Value of Cases 2017-18 £'000</b>	<b>Total Number of Cases 2016-17 Number</b>	<b>Total Value of Cases 2016-17 £'000</b>
Administrative write-offs	0	0	0	0
Fruitless payments	0	0	1	2
Store losses	0	0	0	0
Book Keeping Losses	0	0	0	0
Constructive loss	0	0	0	0
Cash losses	0	0	0	0
Claims abandoned	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>

#### 40.2 Special payments

The NHS Clinical Commissioning Group had no special payments during 2017-18.



## NHS Morecambe Bay CCG - Annual Accounts 2017-18

### 41 Third party assets

The NHS Clinical Commissioning Group held no third party assets as at 31 March 2018.

### 42 Financial performance targets

NHS Clinical Commissioning Groups have a number of financial duties under the NHS Act 2006 (as amended).

NHS Clinical Commissioning Group's performance against those duties was as follows:

	<b>2017-18 Target</b>	<b>2017-18 Performance</b>	2016-17 Target	2016-17 Performance
Expenditure not to exceed income	518,903	523,244	221,500	218,403
Capital resource use does not exceed the amount specified in Directions	0	0	0	0
Revenue resource use does not exceed the amount specified in Directions	518,497	522,838	221,272	218,175
Capital resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0	0
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0	0
Revenue administration resource use does not exceed the amount specified in Directions	7,667	6,908	3,418	3,298

### 43 Impact of IFRS

Accounting under IFRS had no impact on the results of the NHS Clinical Commissioning Group during the 2017-18 financial year.

### 44 Analysis of charitable reserves

The NHS Clinical Commissioning Group had no charitable reserves during 2017-18.