Agreement of balances

Quarter 4 (M12) 2019 to 2020 update

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Introduction

The Agreement of Balances (AoB) exercise is key in ensuring that the DHSC group accounts are not materially misstated. Additionally, it is also important in demonstrating good financial management across the organisations that make up the group and should not be undertaken in isolation from the day to day accounts.

This document should be read in conjunction with the Agreement of Balances guidance which can be found on Gov.uk/DHSC.

Updates

1. Quarter 4 (M12) 2019/20

Group bodies are reminded that the agreement of receivables and payables and income and expenditure is mandatory at month 12. There is a requirement for group bodies to issue accrual statements the month 12 exercise. Group bodies must ensure that their accrual balances (as shown on their ledger) are included within collection forms.

2. AoB Contact Lists

Contact lists have been refreshed for Quarter 4 (M12) and will be circulated by DHSC via the National Bodies. The Q4 contact list will be circulated for update, if not already done so by national bodies. Where possible please ensure that generic email addresses are set up as these are less likely to require amendment.

The contact lists are password protected and the password will be provided to all organisations at the start of the exercise via the National Bodies. This should be shared with all staff who require access to the information.

If an email containing your statement is returned as undeliverable, please inform your National Body so that the issue can be resolved or escalated for future exercises.
3. Treatment of additional employer pension contributions for NHS providers

The increase in employer pension contributions due in 2019/20 has been paid over centrally by NHS England for provider organisations. The notional income between NHS England and providers will be excluded from agreement of balances. It should be excluded from all AoB statements. In provider consolidation (‘TAC’) forms, the provider expenditure in staff costs is recorded as being with the NHS Pension Scheme, with the notional income from NHS England recorded as ‘external to government’.

4. AoB Guidance

EHIC Incentive Scheme

The guide has been updated to reflect the recent change to EHIC Incentive Scheme payments made on behalf of DHSC. This is now managed by BSA. As previously, all transactions will continue to be recorded against DHSC (Para 7.14).

Provider sustainability fund (PSF), financial recovery fund (FRF) and marginal rate emergency tariff (MRET) funding

Indicative Q4 PSF and FRF entitlements (core and, if applicable, incentive / bonus) will be notified to providers after the issue of accruals statements. Accruals statements issued by providers should therefore not include any PSF or FRF amounts relating to Q4 – the indicative entitlements will be notified to the NHS England accounts team on providers’ behalf. In the data collection forms at Q4 the notified column should only include PSF and FRF entitlement up to and including Q3 and MRET for the full year. Q4 PSF and FRF entitlement (core and, where applicable, incentive / bonus) should be included in the accrued column of AoB schedules. Payment for MRET will be received before the year end and no accrual should be recognised.

Providers who received a post-accounts reallocation of PSF at the end of 2018/19 which has been recognised in income in 2019/20, should exclude these amounts from income statements at Q4. The amounts were agreed between the national bodies in 2018/19 and therefore sit outside of the agreements process. 2018/19 post accounts allocations will be recorded in a dedicated row on TAC62 in the PFR return and will be excluded from mismatch reports.