

# Financial Reporting Advisory Board Paper

## NHS Manual for Accounts 2014-15

<b>Issue:</b>	FRAB is asked to note plans for the issue of the 2014-15 NHS Manual for Accounts
<b>Impact on guidance:</b>	The Manual supplements the FReM for the DH Group
<b>IAS/IFRS adaptation?</b>	N/A
<b>Impact on WGA?</b>	N/A
<b>IPSAS compliant?</b>	N/A
<b>Interpretation for the public sector context?</b>	N/A
<b>Impact on budgetary regime?</b>	N/A
<b>Alignment with National Accounts</b>	N/A
<b>Impact on Estimates?</b>	N/A
<b>Recommendation:</b>	FRAB is invited to comment on the draft Manual and the plans for its publication
<b>Timing:</b>	2014-15

### DETAIL

#### *Background*

1. The Department of Health is seeking to issue the NHS Manual for Accounts (DH's Consolidation Group Manual) at the start of each relevant financial year. The 2013-14 Manual was issued in October 2013, and it is intended to issue the full Manual with sector-specific Annexes in July 2014. The 2014-15 Manual is work-in-progress, and the attached draft indicates the changes in the Manual from the 2013-14 version.

## **Summary**

2. The draft Manual reflects the changes recorded in the December 2013 FReM and Regulations under the Companies Act.
3. The Manual removes the divergence from the FReM that applied in 2013-14 (on modified absorption accounting for NHS restructuring on 1 April 2013) and so does not contain any divergences for 2014-15.
4. It is the Department's intention to issue one Manual for 2014-15, with the core Group element supplemented by annexes that are specific to types of NHS bodies. Thus, annexes that refer to Clinical Commissioning Group and NHS Trust regulatory regimes and accounting practices are to be added to the draft Manual shortly. Monitor will issue the NHS Foundation Trusts "ARM" for 2014-15 in the usual way, but it is intended that the "ARM" will also be brought into the Group Manual in due course.
5. It is intended that the 2014-15 Manual will be issued for consultation after this FRAB meeting, and will be published no later than Parliamentary summer recess.
6. The bulk of the Manual is presented with tracked changes. Chapter 2 however (dealing with the Annual Report) has been restructured and changes here have not been tracked, as this might detract from legibility.
7. Chapter 5 (the example accounts format) has not been changed so is not included: it is intended to present this in an organisation-specific format that better meets the needs of CCGs and NHS Trusts in particular.

## **Recommendation**

8. FRAB is requested to note developments with regard to the NHS Manual for Accounts, and to comment on the draft.

**Department of Health**

**3 APRIL 2014**

**Detail of changes in 2014-15 version**

<b>2014-15 Manual reference</b>	<b>Change</b>	<b>Reason for change</b>
Para 1.5, 4.1	Notes the need to add sector-specific guidance for CCGs and NHS Trusts	To meet the objective of issuing one NHS-wide set of guidance.
Para 1.8, 3.16, Chapter 4 (Annex 10)	Notes the removal of the FReM divergence on modified merger accounting	Divergence only applied to specific 1 April 2013 restructuring transactions.
Chapter 2: strategic report (2.12)	Structure and organisation of the Chapter updated to include guidance on the strategic review	Reflects FReM requirements.
Chapter 2: remuneration report (Annex 1)	Structure and content of the report changed to reflect Companies Act Regulations (2013) changes.	Follows Companies Act requirements.
Chapter 2: off-payroll engagements (2.43)	Minor amendments to reflect contents of PES paper.	PES (2014) 02 amendments
Chapter 2: severance payments (2.55)	Guidance requires linkage between related figures in the remuneration report, severance payments Note and details of off-payroll engagements.	Consistency between disclosures that contain comparable data, and greater transparency in disclosures.
Chapter 3: entries under IFRS 10, 11, 12.  Also 4.31	Adoption of Group Accounting Standards with consequential changes to guidance on IAS 27, 28 and 31	FReM amendments
Para 4.48	Reference to detailed guidance on accounting for "maternity pathway" transactions inserted.	To remove a potential consistency problem across commissioner and provider accounting.
Para 4.102 et seq	New requirements added (example Note 10) on disclosure of severance payments where departures are not compulsory.	Response to public and Parliamentary interest, increasing transparency of disclosures.
Various	Removal of entity-specific references	To meet the objective of issuing one NHS-wide set of guidance, with entity-specific Annexes. (Eg 4.58 re PDC)