



Department
of Health

ALB Consolidation Schedules

2016-17 Guidance for Q4 Hyperion Forms

March 2017

DH ID box**Title: ALB Consolidation Schedules: 2016-17 Guidance for Q4 Hyperion Forms****Author:** Accounts and Operations Branch Finance Directorate**Document Purpose:**

Finance Guidance

Publication date:

March 2017

Target audience:

ALB Finance teams

Contact details:

ALBFinance@dh.gsi.gov.uk

HyperionSystemsTeam@dh.gsi.gov.uk

You may re-use the text of this document (not including logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit www.nationalarchives.gov.uk/doc/open-government-licence/

© Crown copyright 2016

Published to gov.uk, in PDF format only.

<https://www.gov.uk/government/collections/department-of-health-group-accounting-guidance>

Contents

Contents

| | |
|---|----|
| Contents..... | 3 |
| Summary of changes | 5 |
| Table 1: Summary of Consolidation Schedule and Guidance Updates..... | 5 |
| Introduction | 5 |
| Submission of forms | 6 |
| Table 2: Accounts Submission Dates..... | 6 |
| General notes | 6 |
| Validation Summary | 7 |
| Handling prior-period adjustments in forms..... | 8 |
| Background | 8 |
| Adjustments made by the Department to submitted 2015-16 data | 8 |
| Transfers under absorption accounting | 9 |
| Quarterly Overview | 9 |
| Statement of Comprehensive Net Expenditure (SoCNE)..... | 10 |
| Net Expenditure | 10 |
| Other Comprehensive Expenditure | 11 |
| Statement of Financial Position (SoFP) | 11 |
| Statement of Changes in Taxpayers' Equity (SoCTE) | 11 |
| Statement of Cash Flows (SoCF)..... | 12 |
| Revenue Expenditure analysis (Rev tab(s)) | 15 |
| 3 – Staff Costs | 15 |
| 4a. (Admin) and 4b. (Programme) – Other operating costs | 16 |
| 5.1 (Admin) and Note 5.2 (Programme) – Income..... | 17 |
| 8. Analysis of Impairments..... | 17 |
| PPA - Analysis of local Prior Period Adjustments | 18 |
| Capital Expenditure (Cap tab(s))..... | 18 |
| 6. Property Plant and Equipment..... | 18 |
| Budget analysis of PFI/LIFT expenditure..... | 19 |
| 6.1 Investment Property..... | 19 |
| 7. Intangible Assets | 19 |
| 11. Investments | 19 |
| 11.1 Assets classified as held for sale | 20 |
| PPA - Analysis of local Prior Period Adjustments | 20 |
| Other Notes..... | 20 |
| Note 9.3 Commitments under PFI/LIFT Contracts..... | 21 |
| Note 9.4 Other financial commitments..... | 21 |
| Note 10 Financial instruments (financial assets and liabilities) | 21 |
| Note 10.3 Analysis of financial assets past due date but not impaired | 21 |
| Note 11 Investments – further detail on investees..... | 21 |
| 12. Inventories | 21 |
| 15. Cash and cash equivalents..... | 22 |
| Note 14 Trade receivables and other assets | 22 |
| Note 14.2 and Note 15.2 Intra-Government balances, receivables and payables | 23 |
| Note 15 Trade payables and other liabilities..... | 23 |

| | |
|--|----|
| Note 16 Provisions for liabilities and charges – current and non-current..... | 24 |
| Note 16.1 Funded Pension Scheme..... | 24 |
| Note 17 Contingent assets and liabilities..... | 24 |
| Note 17.3 Contingent assets/liabilities not disclosed under IAS 37 but required for Parliamentary accountability..... | 24 |
| Note 22 Losses and Special Payments..... | 24 |
| Note 20 Events after the reporting period..... | 25 |
| Note 21.1 Third party assets..... | 25 |
| Table C5 Off-payroll engagements..... | 25 |
| Table C12 Temporary staff/Consultancy analysis..... | 25 |
| Additional analysis of investments..... | 25 |
| Statement of Parliamentary Supply (SoPS)..... | 25 |
| Rev_BudgOT and Cap_BudgOT tabs..... | 25 |
| Agreement of Balances (AoB) Tab..... | 26 |
| Annex: Treasury PES Guidance on Consultancy/Temporary Staff..... | 27 |

Summary of changes

The table below describes the major changes that have been made to the forms since quarter 3, with reference to updated completion guidance in this document where relevant.

| Table 1: Summary of Consolidation Schedule and Guidance Updates | | |
|---|---------------------------|--|
| Change made | Tab/Cell reference | Further Guidance |
| Revised validations page, including a section to provide further information on failed validations. | Validations tab | See Validation Summary section |
| Table 4.2 added for DH reconciliation purposes (hidden from views as this is for DH internal processing only) | Rev1/2 rows 333-348 | N/A |
| Changes to note numbers to match the DH Consolidated Accounts | All table headings | Changes are reflected in this guidance |
| Correction to the lines making up the Capital Budget Outturn, removing unnecessary lines, and including missing ones (tab is no input/for reference only) | CapBudgt_OT | N/A |
| Two additional lines added to Note 11 Investments – Issued Interest on Loans and Impairments charged to General Fund (DHCORE only) | Cap1/2 Rows | Para 99 |

Introduction

1. The Schedules are the data input documents that permit the Department to consolidate the year-to-date actual result and forecast results of DH Group entities.
2. This guide provides details specific to completion of the ALB consolidation schedules. It should be read in conjunction with the [Department of Health Group Manual for Accounts 2016-17 \(GAM\)](https://www.gov.uk/government/publications/department-of-health-group-accounting-manual-2016-to-2017)¹ which explains the group accounting policies and principles which should be followed when compiling subsequent statutory accounts.

¹ <https://www.gov.uk/government/publications/department-of-health-group-accounting-manual-2016-to-2017>

- The terminology used can be interchangeable to some degree. For example, vote-funded bodies will generally produce a Statement of Comprehensive Net Expenditure (SoCNE) while NHS Foundation Trusts will have a Statement of Comprehensive Income (SoCI). This guidance generally follows the terminology of the schedules, but individual bodies may need to interpret parts of the guidance for their particular circumstances.

Submission of forms

- Arms' Length Bodies (ALBs, including Monitor reporting as an ALB) should submit completed schedules to the ALB Finance mailbox (ALBFinance@dh.gsi.gov.uk). The submission schedule for accounts data can be seen in the Table 2 below.
- Consolidated returns for NHS Foundation Trusts and NHS England (including commissioners) should be submitted directly to the Hyperion Systems Team shared mailbox (HyperionSystemsTeam@dh.gsi.gov.uk) and copied to Libby Kerr (libby.kerr@dh.gsi.gov.uk). The submission schedule for accounts data can be seen in Table 2 below.
- Further details regarding the submission dates for the Agreement of Balances (AoB) exercise can be found in the separate AoB guidance.

| Submission | Foundation Trusts – Consolidated (via NHSI) | NHS England Group (inc. commissioners) | Other ALBs |
|----------------------------|--|---|--------------------------|
| Unaudited (draft) accounts | Mon. 15 May 2017 (5pm) | Wed. 17 May 2017 (12 noon) | Wed. 26 April 2017 (9am) |
| Audited (final) accounts | Tues. 13 June 2017 (12 noon) | Tues. 13 June 2017 (12 noon) | Tues. 6 June 2017 (5pm) |

General notes

- The Q4 forms collect actuals data for the full financial year ending 31st March 2017. The consolidation schedule cells relating to actuals are indicated by turquoise column headers.
- There is no collection of forecast data at Q4, as the forecast and actual position should be the same. Therefore cells relating to forecasts, indicated by orange column headers, do not need to be completed.
- The schedule includes a number of hidden tabs. These are utilised where reporting to multiple Estimates lines is required, but hidden on schedules where this is not required.

Links to these hidden sheets may still be visible elsewhere in the workbook, for example to allow use of a single set of validations.

10. Only the cells shaded yellow should be completed. Certain yellow cells have additional diagonal shading, which indicates that they are relevant only for certain entities, as referenced in the line description; they will be locked for other bodies. The remainder of the spreadsheet is password protected to maintain its data integrity. Locked cells are coloured according to their purpose:
 - Green cells indicate opening balances
 - Grey cells should not contain data and are locked
 - Tab colours indicate whether data entry is required: yellow requires entry while plain coloured tabs are formula –driven.

Validation Summary

11. The validation summary sheet has been revamped for Quarter 4 to improve the information compilers are receiving prior to sending in for consolidation. The changes will also help reduce the number of follow up queries which the Department might have on validation failures by both ensuring discussion can take place on major problem areas prior to submission, while also enabling commentary to be provided in the consolidation schedule against lesser validation failures.
12. Implemented changes include:
 - A summary of validation failures/errors on the Cover Sheet requiring attention prior to submission
 - Red/Amber/Green colour coding on the Validation Summary tab to refer to Level 1, Level 2 and passed validations, designed to enable the compiler to better identify which validations have failed.
 - Commentary boxes against the validations for additional information to be provided where relevant.
 - Improvement to the validations to prevent failure where they are not relevant to specific compilers (e.g. AoB validation failures for NHS England and Foundation Trusts should always read “OK”).
13. While the layout of the Validation Summary tab has changed, the validations themselves are on the whole unchanged. Each validation check is performed on data entered on the consolidation schedule. Validation rules are summarised by listing the items compared or, where there are a range of items involved in a comparison, these are listed in tabular format and the subtotals compared. The items compared contain links to the source data.
14. On the left of each validation its current status is displayed. This would be either ‘OK’ or ‘Error’. Validations have been categorised as either Level 1 or Level 2. Action should be taken wherever possible to resolve Level 1 validation errors prior to submission of the

consolidation schedule. Where this may not be possible, the issues should be discussed with the Department of Health before the schedule is submitted.

15. Level 2 validations highlight unusual trends or relationships between figures in the consolidation schedule which may be indicative of error. They differ from level 1 validations which, if failed, are always indicative of error. Level 2 validations should be cleared where their failure represents an error in the underlying data/form completion. Where the failure represents a correct (albeit unusual) trend/relationship in the figures a full explanation should be provided.
16. In addition to the main Validation Summary tab, the data entry sheets contain validation failure prompts. These are denoted by red shaded cells in column 'B', linked to the detailed breakdown on the Validation Summary sheet. These links only appear on data entry screens when rules have failed, and will clear once they have been passed.

Handling prior-period adjustments in forms

Background

17. Page 114 of the [GAM](#) provides the framework under which prior period adjustments may be recorded by entities completing the consolidation schedule. The following explain how these circumstances should be recorded on the schedule.

Adjustments made by the Department to submitted 2015-16 data

18. For consolidation group accounting and reporting purposes, the Department has to make a number of amendments to data after collection. Adjustments may be required to either make data consistent across the group, or to make submitted data match audited Accounts figures (i.e. where there were material consistency issues between published audited accounts and consolidation schedule figures).
19. DH notified entities in October 2016 if such changes occurred which would create a mismatch between the DH opening balance, and the opening balance on the entity's local ledger. While reconciliations are completed on the schedules prior to issue, if there are any unexpected differences then please contact the DH Hyperion Systems Team (HyperionSystemsTeam@dh.gsi.gov.uk) as soon as possible.
20. Where there is no "local" PPA, but the pre-populated opening 1 April 2016 balance differs from that recognised by the entity in its Annual Accounts, two courses of action are available:
 - The body may use the PPA adjustment line/row (usually named "Opening balance adjustment") to bring the schedule opening balance in line with the Accounts opening balance; or
 - The body may choose to use the Department's pre-populated opening balance as their Accounts opening balance (in effect recording an Accounts PPA that is already accepted by DH in schedules). This might be the preferred approach where the

entity concludes that the change journalled by DH was valid and material in the context of the local account and so should be reflected in the 2015-16 accounts.

21. Where a local PPA has occurred, and an entity needs to adjust the opening balances, they should use the PPA rows and columns to record the aggregate of “local” PPAs and central adjustments made by DH to 2015-16 data. The treatment of both items is the same in budgetary terms.

Transfers under absorption accounting

22. Pages 122-125 of the [GAM](#) set out the reporting requirements for intra-Group transfers of functions, assets and liabilities using absorption accounting.
23. Changes in balance sheet totals arising from the separate inflows or outflows of function transfers, relating to absorption accounting transactions, are collected as a separately identified movement from other balance sheet transactions. The Department uses this data, alongside the further analysis to identify counterparty entities, to permit reconciliation and elimination of balances and movements within the group accounts.

Quarterly Overview

24. ALB Consolidation Schedules contain a Quarterly Overview sheet. The current form consists of three sections:
25. **Variance Report** – report compares ALBs’ budgetary expenditure against the allocated budget. The report is generated automatically using the data from the other tabs in the workbook. Therefore no manual input is required. However, ALBs are invited to explain the variance in the commentary box to provide DH finance with soft intelligence in order to better inform business decisions and help to manage the overall position.
Commentary will also reduce the amount of follow up queries between DH and ALBs.
26. **Risk Register** – section where all known risks are identified. DH finance will prepopulate the risk table with known risks from discussions with Finance Business Partners and Sponsors, however ALBs can input any additional risks. This joint approach will help to identify risks at the early stage and agree mitigating actions. A commentary box is available to provide any additional narrative. Cells J25-J34 should be used to detail whether risks have already been captured in the forecast outturn. ALBs are encouraged to complete this with a Yes or No; this will help reduce double counting and improve DH & ALB financial reporting.
27. **Budget Statement** – section where all confirmed budgets are stated. The initial allocation should match allocation letters received from Sponsors. During the year DH finance will inform ALBs about any additional approved budget transfers using the budget statement section. **No input from ALBs is required in this section.**
28. DH finance would highly appreciate it if the ALBs would review the Quarterly Overview forms before submitting their consolidation schedules to DH and would contribute to the

sections required to help inform the business and establish a common understanding of the outstanding risks.

In some instances the DH ALB team have used the Risk Register section to ask ALBs to identify their Ring-fenced and AME budget requirement as these were mainly excluded from the ALB business plans. We would appreciate it if ALBs could identify their budgetary requirements as part of the consolidation schedules submission process. Once requirements have been received, they will be reviewed via the ALB governance process. If funding requirements are within available limits then confirmation of agreed funding will be via the ALB reporting process.

Statement of Comprehensive Net Expenditure (SoCNE)

29. This tab does not require any data entry. Entries in the SoCNE are generated from the revenue-related Notes in the “Rev” tab(s). These Notes and other entries in the Statement should be prepared in accordance with the guidance in the [GAM](#).
30. The layout of this statement reflects the format of the Department’s Annual Report and Accounts, as required by the HM Treasury Department Yellow proforma accounts. No further analysis of data is required and the entries in the SoCNE are still generated from the same revenue-related Notes in the “Rev” tab(s).

Net Expenditure

31. Income and Expenditure is not analysed into either “admin” or “programme” on the face of this SoCNE, but this analysis is still required to be collected in order to calculate the outturn position for the Department’s Statement of Parliamentary Supply.
32. **Income from sales of goods and services:** the specific elements of the income note on the “Rev” tab(s) (Note 5).
33. **Other operating income:** calculated as the other elements of income, other than those in paragraph 32 above and finance income below (paragraph 40). This includes staff related income for secondments treated on a gross basis.
34. **Staff costs:** the gross expenditure in respect of employee benefits costs that are not capitalised, including redundancy and other termination benefits. Where staff recharges etc. are accounted for other than by a netting-off arrangements agreed by both parties, these are included in other operating income.
35. **Purchase of goods and services:** a subset of the expenditure collected in “Rev” Note 4.
36. **Depreciation and impairment charges:** a subset of expenditure collected in “Rev” Note 4 relating to depreciation, amortisation and impairment of assets.

- 37. **Provisions:** the provisions movements affecting operating expenditure, as collected in “Rev” Note 4, (other than the unwinding of the discount on provisions – see finance expenditure in paragraph 41).
- 38. **Other operating expenditure:** the remainder of the expenditure collection in “Rev” Note 4 after the costs above have been separately analysed.
- 39. **Net operating expenditure:** sums all costs and income above.
- 40. **Finance income:** income recorded under ‘Rev’ Note 5, such as interest income, classified as finance related rather than operating.
- 41. **Finance expenditure:** expenditure recorded under ‘Rev’ Note 4, such as interest expenditure, classified as finance expense related rather than operating.
- 42. **Net expenditure for the year:** net income or expenditure, covering operating and financing, and including absorption accounting gains and losses.

Prior period Adjustments

- 43. Column D of the SoCNE shows local PPAs as in-year expenditure and staff/pension provisions as non-staff costs, per the Departmental Account treatment. Column E excludes local PPAs and treats staff/pension provisions as staff costs, per the local accounts treatment. Column E should therefore match local accounts.

Other Comprehensive Expenditure

- 44. All cells are linked to the SoCTE and no data entry is required on this table.

Statement of Financial Position (SoFP)

- 45. This tab does not require any data entry. Entries in the SoFP are generated from the capital-related Notes in the “Cap” tab(s), and non-capital related balance sheet notes from the “OtherNotes” tab.
- 46. The opening balance is equivalent to the 2015-16 closing balance after any amendments as required for the Departmental consolidated accounts.
- 47. Prior period adjustments made in the schedules in line with paragraphs 18 to 21 can be seen in Column F, with ‘local’ equivalent balances in Column E.

Statement of Changes in Taxpayers’ Equity (SoCTE)

- 48. This tab requires data entry in places (see yellow cells). Opening balances are prepopulated as previously described (green cells). Any local PPA adjustment required should be entered below this.

49. Entities should ensure consistency between entries on the SoCTE and the relevant disclosure notes, as indicated in column E, and with reference to the validation rules in column O. The entity should ensure the total of reserves balances with the net assets prior to submission of the schedule to DH.
50. PDC written off (FTs only): The general fund column for the 'PDC written off' row has been unlocked to permit these accounts to be separately disclosed for elimination. Prior to this, the opposite entry to writing off the balance in the PDC reserve would have been taken to retained earnings in the 'Other movements' row.
51. Chapter 7 of the [GAM](#) further specific information of the underlying principles and disclosure requirements relating to the SoCTE.

Statement of Cash Flows (SoCF)

52. The SoCF mirrors the format of the cashflow statement in the consolidated DH account, and is used to ensure that accounts figures provided by NHS bodies will not cause a cashflow imbalance on consolidation. It therefore differs from the local accounts, which are based on more conventional reporting formats (see chapter 7 of the [GAM](#) for local accounts requirements).
53. Most of the statement is directly generated from the rest of the accounts, by use of formulae, so as to reconcile the cash movements from the underlying accounts data. No inputs are required except for:
 - "others", payment of the capital element of finance leases
 - on balance sheet PFI contracts
 - non-cash movements arising from absorption transfers/FT authorisations
 - balancing adjustments as described from paragraph 56 onwards.
54. Restatements for local prior period adjustments are not included in the consolidated prior year figures used to calculate cashflow movements. This differs from local accounts formats. Any local PPAs are instead included in the SoCF as in-year movements, based on the detailed analyses at the bottom of the 'Rev' and 'Cap' tabs.
55. All income and expenditure items feed into the 'Operating cashflows' section of the SoCF without adjustment. There is no distinction between financing and operating net expenditure types. This differs from local accounts in some areas (e.g. PDC Dividends), It is not necessary to enter manual adjustments to match the totals for 'Operating cashflows', 'Investing cashflows' or 'Financing cashflows' in local accounts. Manual adjustments should only be necessary if the form does not balance because of movements not taken into account by the formulae.
56. The following paragraphs describe the use of some of the data input cells in the Statement of Cashflows.
57. **Other non-cash movements in Statement of Financial Position items:** Use this to adjust for any instance where the SoCF is unbalanced by a non-cash movement in a

SoFP item that would normally be cash driven. This does excludes items described in paragraph 58 and 59 below.

58. **Non cash movements arising from absorption transfers/FT authorisations:** This will occur when SoFP balances are imported or exported as part of an absorption transfer. Any movements in payables, receivables or inventories will feed into the SoCF as though they relate to a cash movement, but for an absorption transfer there will be no corresponding cash movement. A manual adjusting entry will therefore be required in this cell. This will be a positive adjustment for any inward transfer of receivables or inventories and negative for any inward transfer of payables. For outward transfers, the signage will be opposite.
59. Movements relating to the receivables and payables items that follow are already excluded from the cashflow methodology, and as such will not require adjustments here (number represents the Hyperion account code referenced on the consolidation schedule):
- 1546100 – Current part of PFI and other service concession arrangements prepayment
 - 1551000 – Current part of loans receivable from other bodies
 - 1551100 – Current part of loans receivable from DH group bodies
 - 1146100 – Non-current part of PFI and other service concession arrangements prepayment
 - 2535100 – Current part of finance lease
 - 2535210 – Current part of imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements
 - 2535220 – Current part of imputed finance lease element of on balance sheet (SoFP) LIFT contracts
 - 2536100 – Amount issued from Consolidated Fund for Supply but unspent at year end (DH only)
 - 2536210 – Consolidated Fund extra receipts due to be paid to the Consolidated Fund – Received
 - 2536220 – Consolidated Fund extra receipts due to be paid to the Consolidated Fund – Receivable
 - 2536300 – Excess cash receipts surrenderable to the Consolidated Fund
 - 2145100 – Finance leases
 - 2145210 – Imputed finance lease element of on balance sheet (SoFP) PFI contracts and other service concession arrangements
 - 2145220 – Imputed finance lease element of on balance sheet (SoFP) LIFT contracts
60. **PFI prepayments – outward cash payments:** Use this to enter the amount of any outward cash payments resulting from making PFI prepayments. This is when an advance payment is made to a PFI supplier to help fund the creation of the asset that will eventually be capitalised by the lessee. When the asset is completed, the PFI

prepayment is released and treated as a non-cash payment to reduce the lease liability. The initial outward payment cannot be identified from figures entered elsewhere in the Consolidation Schedule and must therefore be entered here. Note that this figure is not simply the movement in the PFI prepayment value, since reductions due to releasing these prepayments against the lease liability will not have a cash impact.

61. **Capital element of payments in respect of finance leases and on-balance sheet PFI contracts:** Use this to enter the amount of cash paid to directly reduce finance lease, PFI and LIFT liabilities. This should exclude any amounts paid for service charges and finance charges, which will feed into the SoCF as part of Net Operating Costs. It should also exclude any non-cash reductions in the lease liability due to releasing a PFI prepayment. Due to the potential complexity of transactions, this cell has been left as an input cell, but it is theoretically possible to derive the value from other figures in the Consolidation Schedule. The capital element of lease repayments will generally equal:
- Decrease/(Increase) in lease liability
 - Less* Increase in lease liability due to leased additions (per PPE and Intangibles notes)
 - Less* Decrease in lease liability due to releasing PFI prepayments (i.e. Movement in PFI prepayment *less* PFI prepayments – outward cash payments)
62. **Cash inflows to newly authorised Foundation Trusts:** FTs only should use this to enter the amount of cash taken on at authorisation by a new FT from the previous NHS Trust, since this movement in the overall cash balance will not feed into the SoCF anywhere else. Individual FTs should ensure that the same figure is entered on the final FIMS return for the corresponding NHS Trust so that, on consolidation, entries for all FTs and NHS Trusts net to zero.
63. **Net cash transferred under absorption accounting:** Use this to enter any cash balances imported or exported as part of an absorption transfer, since these movements in the overall cash balance will not feed into the SoCF anywhere else. Importing and exporting bodies should ensure they enter the same amount so that, on consolidation, all transfers within the Departmental group net to zero.
64. *However*, this does not apply to any transfers where the cash crosses a funding boundary (e.g. between bodies funded by Parliamentary funding, Grant-in-aid, share capital or PDC). In such instances, the exporting body should treat the cash as being returned to DH as negative funding, whilst the importing body should treat the cash received as new funding from DH. This will ensure that DH can fully account for all cash repayable to the Consolidated Fund. Any such transfers must be agreed with DH to ensure that DH can reflect the opposite entries.
65. Other miscellaneous adjustment lines can be used to record any transactions that are not captured anywhere else in the Statement of Cash Flows. These should be rare, and must be accompanied by an explanatory note.

Revenue Expenditure analysis (Rev tab(s))

66. The Rev tabs are used to populate the SoCNE and to collect forecast outturn information. The data is used in the consolidated accounts also within the SoCNE and associated disclosure notes, and by the group reporting team in producing in year forecasting and budget reports and returns.
67. Where the entity is required to complete more than one estimates line, the entity must ensure the accurate split of balances.
68. The number preceding each section refers to the order in which they appear in the consolidated accounts. This is used by DH to cross reference collected data to the published accounts. The numbering used may vary compared to individual entity published accounts.

3 – Staff Costs

69. Staff costs are analysed by programme and admin expenditure types, and costs and numbers are further analysed in to:
 - **Permanently employed staff** – this is staff directly employed by the organisation and includes staff on outward secondment or on loan to other organisations. The recovery of the cost of these staff should be separately recorded as income.
 - **Temporary/agency staff** – these are off-payroll staff, either provided by an employment agency, to whom payment is made directly, or contracted directly or through a company. This includes temporary staff provided by NHS Professionals, for which an entry should also be made in the ‘Business with other Central Govt bodies’ column. Additional guidance on the definition of temporary staff is included as an annex to this document.
 - **Others (excl. temp/agency staff)** – this is other staff engaged on the objectives of the organisation and will include staff on inward secondment or loan from other organisations, and on-payroll staff on short term contracts. This does not include amounts payable to contractors in respect of the provision of services (e.g. cleaning or security).
70. Balances are collected on a gross basis, meaning recoveries in respect of outward secondments recharged to the seconding body should be presented separately and not be netted off. The gross analysis also includes capitalised staff costs, which are also separately analysed to deduct from the SoCNE total.
71. Where recoveries of salaries (outward secondments etc.) are recognised as “income” they should be reflected in Note 5.1 and 5.2 instead (see below). The Manual gives guidance about income recognition and the classification of recoveries of staff costs.
72. In certain cases (for example where a member of staff is shared between employing organisation and salary costs can be separately identified) it is permissible to net recoveries off such that net salary only appears in this note (cells are provided to show the netting-off effect). The recovery of the cost of these staff should be netted off only where the transaction is deemed to be non-trading in nature and where the organisation

is acting solely as an agent and does not gain any economic benefit from the transaction. **It is important that each party to the transaction adopts a consistent approach.**

73. Where the parties have agreed to treat the secondment on a gross basis, the host body should include an intercompany analysis against their costs to enable these to be eliminated against the parent body's intercompany income. The parent body should record the costs of their permanent staff member as normal, without an intercompany analysis, but should record an intercompany analysis against the corresponding income. Where the parties have agreed to a net treatment, neither party should include any intercompany analysis, as the parent body's costs should simply net off within the staff costs note.
74. For secondments outside the DH group, recoveries treated on a net basis should be shown against the category of staff relevant to the parent organisation (Permanent, Other, etc.). For secondments to other DH bodies, it is only possible to show the recoveries against the 'Other' staff category. This is to ensure that, on consolidation, the parent organisation's recoveries net off against the host organisation's costs within the 'Other' category. This presentation may differ from that in the parent organisation's own accounts.
75. ERNIC payments to the National Insurance Fund, and pension payments to government pension providers, should be entered in the 'Business with other Central Govt bodies' column, and shown as expenditure against the relevant counterparty in the agreement of balances form.
76. Employee benefits should exclude the cost of the organisation's non-executive directors as these are paid an allowance rather than a salary. Termination benefits are included under employee benefits.

4a. (Admin) and 4b. (Programme) – Other operating costs

77. Revenue expenditure is required to be analysed by admin and programme for calculations used in the Statement of Parliamentary Supply (SoPS), with a detailed analysis of counterparties to facilitate elimination on consolidation.
78. There is a 'Budget Analysis of Utilisation' table at the bottom of the Programme costs note. When a provision is raised, increased or written back, the impact on expenditure is treated as a charge to AME budgets. These are always treated as Programme, which is why the expenditure lines for 'Amounts provided in year' only appear in the Programme costs notes. When the provision is utilised, a budget adjustment takes place that affects only budget outturn, and has no impact on accounts. At this point, the initial AME charge is reversed out, and a corresponding charge is made to DEL budgets. This table therefore reflects the movement in budget outturn from AME to DEL when a provision is utilised, and allows entities to split the DEL charge between Admin and Programme. It is extremely important that this table is completed as the adjustment affects the outturn, which is then compared to the Estimate for Parliamentary reporting purposes.

79. Page 149 (paragraph 5.56) of the GAM provides further information regarding the recognition of audit fees, while page 154 (Chapter 5: Annex 1) provides detailed Cabinet Office guidance on the classification of consultancy (including categories or services).

Q3 UPDATES

80. The following have been added to the Operating Cost note to improve allocation in the consolidated accounts:

STF Expenditure (NHSE Only): Inserted to record the amounts relating to NHS Trusts and NHS Foundation Trusts arising from the Sustainability and Transformation Funds. Balances should be allocated to NHS Trust or NHS Foundation Trust only and these amounts should be allocated to individual entities in the usual way via Agreement of Balances.

Capital Grants in Kind: Should be used only where an entity has donated an asset to another body, in order to correctly capture the non-cash expenditure associated with the transaction. Use of this section should include an intra-group transaction element where it transfers to another body within the group.

5.1 (Admin) and Note 5.2 (Programme) – Income

81. These notes follow the formats (by admin, programme and intercompany counterparties) of the expenditure note above.
82. **Income in respect of seconded staff (treated gross):** This line captures those staff expense recoveries that should be accounted for as income (as opposed to being netted off gross staff expenditure).

Q3 UPDATES

83. The following have been added to the Operating Income note to improve allocation in the consolidated accounts:

STF Income (FT Only): Should be used to record the amount relating to NHS Foundation Trusts arising from the Sustainability and Transformation Fund. Amounts relating to NHS England should be recorded under the Agreement of Balances return in the usual way.

8. Analysis of Impairments

84. The table analyses all the impairment charges recognised in the SoCNE for the period, analysed into “DEL” and “AME” and by cause of impairment. Again, it is important that this table is completed as it affects the budgetary outturn. As this is a breakdown of balances populated under Note 4, the totals should be consistent. A validation failure will occur if they are not.

PPA - Analysis of local Prior Period Adjustments

85. This table is an analysis of “local” prior period adjustments. Treasury requires that the resource consequences of the recognition of a PPA (i.e. the under or over-reporting of expenditure in the prior period) are recognised in the current year. The consolidated account therefore re-presents local PPAs as current year items.

Capital Expenditure (Cap tab(s))

86. Due to the need for the Department to report separately on capital expenditure, related balance sheet items are recorded separately from other balance sheet disclosures. The Cap tab is therefore used for the compilation of the SOFP, the SoCF and the forecasting tabs.
87. Where the entity is required to complete more than one estimates line, the entity must ensure the accurate split of balances.
88. The number preceding each section refers to the order in which they appear in the consolidated accounts. This is used by DH to cross reference collected data to the published accounts. The numbering used may vary compared to individual entity published accounts.

Q3 UPDATES

89. Lines on the previous version of the consolidation schedule for modified absorption accounting transfers, necessary during the transition arrangements arising from the Health and Social Care Act 2012, have been removed as they are no longer required. Standard transfer of functions arising should be recorded on the Absorption Transfers Rec tabs.

6. Property Plant and Equipment

90. The Note permits a “local” prior period adjustment to be reported, thus maintaining opening balances as per DH’s records.
91. In-year asset transactions related to transfers of functions are reported under absorption accounting lower down the table. The double entry will be to current year’s income or expenditure within the SoCNE.
92. Where cumulative depreciation is “zeroed” following a revaluation, this is effected using the “revaluations” rows in both the “cost or valuation” and the “depreciation” sections of the form.

Budget analysis of PFI/LIFT expenditure

93. The tables calculate the adjustment required for budgetary purposes between accounting for PFI/LIFT expenditure under IFRS and European Standard 2010 (ESA 10), upon which the National Accounts are based. The input for this table consists of a table for IFRS accounting and one for ESA 10 budgetary accounting. These inputs then automatically populate the summary table above. The budgetary treatment of assets for PFI/LIFT schemes follows that prescribed by ESA 10. Guidance is provided in Chapter 6 Annex 4 of the [GAM](#). This should be captured in the tables provided in the consolidation schedule.
94. Please note that where cell F78 is positive, this denotes that the IFRS net charge is greater than the ESA 10 charge and the budget outturn expenditure is therefore lower than the net operating cost.

6.1 Investment Property

95. Should investment property be held by an entity, this table replicates that for PPE, accounting for additions and disposals.
96. Investment property is only that property held for the purposes of generating rental income or capital appreciation. ALBs should consult HM Treasury's "Managing Public Money" manual where appreciable amounts are disclosed here, however it will not be unusual for any amounts to be immaterial in value.

7. Intangible Assets

97. This Note replicates that for PPE above.

11. Investments

98. As for other Notes on this tab, entities should record movements for the year, including those on transfers of functions (via absorption accounting).

Q4 Update

99. There are two new lines added to the Investments Note for year end, both of which are expected to be utilised by Department of Health only:
- **Issue of Interest:** used by DH when recognising the accrued interest as a capital element of loans with entities outside the departmental boundary.
 - ***Impairments and Reversals transferred to the General Fund:*** Used by DH only to recognise impairments to PDC investments, where it is known that the body PDC is issued to is to be dissolved in the near future and a formal write off of the balance is expected but has not yet been approved.

100. Within the accounting framework, it is not expected that any other entity would require these lines to be made available for completion. However if there is a need for these to be made available then contact the Department of Health's Accounting Policy team to discuss further.

11.1 Assets classified as held for sale

101. The Note tracks those assets reclassified from non-current assets through the year.

PPA - Analysis of local Prior Period Adjustments

102. A further table accommodates local prior period adjustments, as on the "Rev" tab(s).

Other Notes

103. This tab includes the remaining balance sheet items and other disclosures required to complete the consolidated accounting, group budget reporting and other parliamentary reporting requirements. As with other tabs, the numbers included refer to the position of the note in the Department's group accounts.
104. The "OtherNotes" tab contains a variety of miscellaneous disclosures that relate to main tables elsewhere:

Staff disclosures

- 3.2 Average number of persons employed. An additional table has been added to this note which does not require input. It automatically calculates the average number of persons employed for consolidation purposes, where a body is included in the Departmental Group for part of the year. Cells L34 and M34 have been prepopulated with the financial year start and end dates. These only need to be updated if the entity was established or dissolved within the financial year..
- 3.3 Reporting of Civil Service and other compensation schemes - exit packages. The GAM should be consulted for guidance on completion (Chapter 2, Annex 2 refers).
- 3.4 Analysis of other departures.

Other I&E disclosures

- 5.3 Fees and Charges. The requirement for this disclosure is contained in the Treasury FReM.

Other PPE disclosures

- 6 Property, plant and equipment and 7 Intangible assets. Includes

- Analysis of asset financing (owned (purchased and donated); leased; on-balance sheet PFI/LIFT, PFI/LIFT residual interests) for property, plant and equipment only.
- Revaluation reserve movements in respect of non-current assets.
- Asset lives (range of lives for each category of PPE and intangibles). Entities should report their accounting policy, regardless of the ages of their actual assets. Although the forms allow the input of a minimum and maximum figure, these should be the same where all assets in a category follow the same policy.
- 6.1 Investment property income and expenditure.
- 8 Impairments – no input required.

Note 9.3 Commitments under PFI/LIFT Contracts

105. While the disclosures here are similar to those for operating and finance leases, PFI/LIFT data should not be included under both the lease and the PFI/LIFT disclosures.

Note 9.4 Other financial commitments

106. This table collects information on commitments that have not been recognised as liabilities.

Note 10 Financial instruments (financial assets and liabilities)

107. NHS bodies should follow the guidance in the [GAM](#) on page 167, and in Chapter 6, Annex 1.

Note 10.3 Analysis of financial assets past due date but not impaired

108. The relevant standard is IFRS 7, *Financial Instruments: disclosures*, paragraph 37(a). Further details are provided in the [GAM](#) Chapter 6 Annex 1.

Note 11 Investments – further detail on investees.

109. Further analysis of data at Note 11 in the “Cap” tab(s).

12. Inventories

110. The figures should exclude:

- the provision of health care services under partially completed contracts, and,
- assets in the course of construction.

111. Inventories recognised as an expense in the period should be reflected in the appropriate line in the expenditure analysis.

112. The analysis includes rows to manage “local” PPAs.

15. Cash and cash equivalents

113. This note reports the make-up of cash balances. “**Liquid deposits with NLF**” (National Loans Fund) and “**Other short term investments**” should capture only cash equivalent balances that fall within the definition of IAS7 i.e. “Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value”.

114. “**Opening balances**” and “**2016-17 cash and cash equivalents**” are the opening and closing balances held: these figures do not include overdrafts, which must not be netted off. All overdrafts must be reported as payables.

115. “**Balances at Government Banking Service**”. This is the cash balance held at the end of the current period in GBS accounts. Balances held in these accounts should be disclosed separately from balances in other commercial banks to reflect the amounts held under the GBS contract.

116. “**Transfers (to)/from other public bodies under absorption accounting**” – absorption accounting cashflows that take place during the year. Note: cash should not be transferred by absorption accounting between entities in sectors with different funding mechanisms (i.e. Parliamentary funding, Grant in Aid, PDC or share capital). In such instances, the exporting entity should show the transferred cash as funding returned to Core DH, whilst the importing entity should show it as new funding received. Any such transfers must be discussed with DH Finance, as Core DH will need to reflect the opposite entries in its own books.

Note 14 Trade receivables and other assets

117. Guidance on reconciling NHS payables and receivables balances can be found in the supplementary guidance for the Agreement of Balances exercise, which will be issued before the exercise commences. The figures are analysed by date: falling due within and after one year.

118. Provision for impairment of receivables- The amount shown here is the provision for bad debts. Debtors should be net of known bad debts. Normally transactions with other NHS bodies should never be treated as giving rise to bad debts. Provisions for receivables are now included within the total for Trade Receivables on the SoFP.

119. Transfers (to)/from other public bodies under absorption accounting—these figures are used to track in year transfers to or from other public sector bodies under absorption accounting.

Q3 UPDATE

120. The following additional amendments have been added to the Trade Receivables and Other Assets note to improve allocation in the consolidated accounts:

Capital Prepayments: Following a review of the treatment of lifecycle replacements received for PFI assets, extra lines have been added to capture any prepayments made for assets not yet received. These additionally feed in to the cashflow to treat these prepayments as an investing activity at the time of payment. The lines should only be used for lifecycle replacement prepayments, not prepayments associated with the main PFI contract. **Further note:** *the PFI Lifecycle Prepayment lines are designed to capture the **Capital element only** of such replacement prepayments, so that these may be captured as an investing cash flow. **Revenue elements** of such prepayments should be recorded as **prepayments** in the usual way to ensure these are captured as operating cash flows.*

Note 14.2 and Note 15.2 Intra-Government balances, receivables and payables

121. Intra-government balances are defined as balances between the reporting entity and other bodies within the boundary set for the whole of government accounts
122. While disclosure is no longer required in the consolidated accounts, the entries here assist the allocation of balances under the Whole of Government Accounts return which the Department completed on behalf of the group. The disclosure should be analysed by those counter-parties listed in column headers. Except for balances with NHS bodies outside the Departmental Group (specifically NHS Blood & Transplant and MHRA) and with Public Corporations, all of the figures in these notes should populate automatically, based on the intercompany breakdown of the main receivables and payables notes.

Note 15 Trade payables and other liabilities

123. Payables with Scottish, Welsh and Northern Irish bodies should be treated as non-NHS. Payables are analysed by counter-party where this is required for Group or WGA consolidation purposes.
124. Transfers (to)/from other public bodies under absorption accounting—These figures are used to track in year transfers to or from other public sector bodies under absorption accounting.

Note 16 Provisions for liabilities and charges – current and non-current

125. Guidance on provisions can be found in the GAM on page 169. Provisions must be shown gross, but discounted using the relevant HM Treasury discount rates.

Note 16.1 Funded Pension Scheme

126. Page 171 of the GAM provides information relating to the disclosure of any employer funded benefits (defined benefits) scheme. This section is to be used by entities who have employees who are members of such schemes only.
127. This does not include the NHS Pension Scheme and the Principal Civil Service Pension Scheme, which are accounted for as a defined contribution scheme (Entities will generally recognise an expense each year equal to their total employer contribution. These are therefore not considered part of the funded pension scheme disclosures).

Note 17 Contingent assets and liabilities

128. Guidance can be found on page 194 of the GAM.
129. Total amounts disclosed as contingent assets and liabilities should be entered against the relevant headings in each table. For all contingent assets and for contingent liabilities in the 'Other' category, specific detail should be provided in the relevant freetext cell of any individual amounts over £1 million.

Note 17.3 Contingent assets/liabilities not disclosed under IAS 37 but required for Parliamentary accountability

130. Certain contingent events give rise to a need to report a “contingent liability” to Parliament, even though it would not be classified as such under IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote. These are analysed here into: “guarantees, indemnities and letters of comfort”.
131. An input cell is provided to report any unquantifiable contingencies.

Note 22 Losses and Special Payments

132. HM Treasury's *Managing Public Money* should be followed. Note: figures recorded here are recorded on an accruals basis. *The threshold for reporting individual high value cases is £300,000.*
133. Additional rows have been incorporated to allow analysis of each category of losses and special payments.

Q3 UPDATE

134. **Gifts:** An additional section has been added to capture details of any gifts provided by the disclosing entity, as required under HM Treasury's Managing Public Money, in order to complete the disclosure requirements of the Parliamentary Accountability and Audit section of the consolidated annual report. Page 197 on the GAM refers.

Note 20 Events after the reporting period

135. The relevant details can be found on page 195 of the GAM.
136. The Schedule captures the fact that there has been a significant event, and the estimated expense or income associated with the event.

Note 21.1 Third party assets

137. Generally cash held on behalf of patients. Such balances are excluded from the SoFP and Statement of Cashflows.

Table C5 Off-payroll engagements

138. These tables report the status of off-payroll engagements. Cells in column H also require completing with suitable narrative if the cells turn red. Further information can be seen in Chapter 2 Annex 4 of the GAM.

Table C12 Temporary staff/Consultancy analysis

139. This table is populated automatically from the Rev sheets and does not require any data entry. Further information can be found in Annex 1 to this guide, and in the GAM.

Additional analysis of investments

140. This table requires population with an analysis of the entries included in the Investments note relating to investments in bodies within the WGA boundary (FT only).

Statement of Parliamentary Supply (SoPS)

141. Input to the SoPS tab is likely to be required by Core DH only. Notes at SoPS 4.1 and 4.2 require detail of Consolidated Fund income received. Should an entity have income receipts that it considers to be due to the Consolidated Fund, it should consult DH finance before entering anything here.

Rev_BudgOT and Cap_BudgOT tabs

142. These tabs collect forecast outturn and year-to-date figures for the components of operating cost and capital expenditure, together with key current asset movements.

143. These tabs are fed from other parts of the schedule, and no data entry is required.

Agreement of Balances (AoB) Tab

- 144. The form analyses income and expenditure, payables and receivables balances with other public sector entities (including within the Departmental boundary).
- 145. Detailed AoB guidance for 2016-17 will be published before the exercise is due to commence.

Annex: Treasury PES Guidance on Consultancy/Temporary Staff

Requirement from PES

What is the distinction between consultancy, contingent labour and other professional services?

There are distinct differences between each of the categories of professional service. Consultancy seeks to fill a knowledge gap by providing advisory services. Contingent labour (temporary staff) fills a resource gap for tasks normally carried out in-house, always working within the organisation and under direction for the short-term. Other professional services covers professional services not covered elsewhere, including filling skills gaps where the service requirement includes delivery or implementation (e.g. Technical Services).

PES Extract:

Annex A

Professional Services External Resources (non-payroll staff) – Definitions

Professional services external resources can generally be split into two broad categories:

| Temporary staff | Consultancy |
|----------------------------|--|
| Temporary (agency) workers | Finance |
| Interim managers | IT/IS |
| Specialist Contractors | Strategy |
| | Legal |
| | Property and Construction |
| | Human Resource, Training and Education |
| | Technical |
| | Marketing and Communications |
| | Organisation and change management |
| | Procurement |
| | PPM |

Temporary (non-payroll) Staff

| | |
|---|---|
| <p>The provision of workers to cover business-as-usual or service delivery activities within an organisation. Temporary Staff are also often referred to as “Contingent Labour”. Temporary Workers – Admin and Clerical</p> | <p>Admin & Clerical agency staff are normally lower grade individuals who are actually filling in for a role within the organisational structure and are ideally used on a short term basis.</p> <ul style="list-style-type: none"> • normally engaged on an ad hoc or temporary basis to fulfil requirements within established posts. • involves providing cover (e.g. for a vacancy, holiday or sickness) or additional resource (e.g. for a seasonal peak in workload). |
| <p>Interim Managers</p> | <p>Interims are normally middle- to senior-grade staff working in an organisation, concerned with the fulfilment of particular professional functional or senior management positions within the organisational structure (usually covering Business-as-Usual activities or providing cover for a role) and ideally engaged on a short term basis.</p> <ul style="list-style-type: none"> • may involve providing cover (e.g. for a vacancy, holiday or sickness) or additional resource (e.g. for a new team until someone is recruited, or a seasonal peak in workload). • may include Professional Interim Staff (e.g. senior qualified professionals in areas such as legal, finance, audit) and Interim Managers (including up to the most senior levels of the organisation). • likely to include a degree of organisational involvement (e.g. managing staff, representation at meetings) • typically engaged through an agency although in some cases may be engaged directly |
| <p>Specialist Contractors</p> | <p>Specialists are normally middle to senior grades, used to provide expertise that is not available in-house, fulfilling functional or senior positions within the organisational structure and ideally engaged on a short term basis.</p> <ul style="list-style-type: none"> • may include sub-categories of Finance, HR, IT, Legal, Logistics, Marketing, Medical, Procurement, Estates, Technical and Other. • not staff substitution; specialists are used to provide additional resource, skills and expertise, not to cover vacancies etc. |

| | |
|--|--|
| | <ul style="list-style-type: none"> • should not include management functions or similar organisational involvement. • usually involved in a defined package of work or project rather than covering a day-to-day workload or defined job/ role. • in some instances, may include a degree of organisational involvement (e.g. managing staff, representation at meeting) • Not always provided through an agency |
|--|--|

Consultancy

| | |
|--|---|
| The provision to Management of objective advice relating to strategy, structure, management or operations of an organisation, in pursuit of its purposes and objectives. Such advice will be provided outside the 'business-as-usual' environment when in-house skills are not available and will be time-limited. Consultancy may include the identification of options with recommendations, or assistance with (but not the delivery of) the implementation of solutions. Finance Consultancy | The provision of objective finance advice including advice relating to corporate financing structures, accountancy, control mechanisms and systems. This includes both strategic and operational finance. |
| IT/IS Consultancy | The provision of objective IT/IS advice including that relating to IT/ IS systems and concepts, strategic IT/IS studies and development of specific IT/IS projects. Advice related to defining information needs, computer feasibility studies, making computer hardware evaluations and to e-business should also be included. |
| Strategy Consultancy | The provision of strategic objective advice including advice relating to corporate strategies, appraising business structures, Value for Money reviews, business performance measurement, management services, product or service design, and process and production management. |
| Legal Consultancy | The provision of external legal advice and opinion including advice in connection with the policy formulation and strategy development particularly on commercial and contractual matters. |
| Property & Construction Consultancy | Provision of specialist advice relating to property services and estates including portfolio management, design, planning and construction, tenure, holding and disposal strategies. |
| Human Resource, Training & Education Consultancy | The provision of objective HR advice including advice on the formulation of recruitment, retention, manpower planning and HR strategies, and advice and |

| | |
|--|---|
| | assistance relating to the development of training and education strategies. |
| Technical Consultancy | The provision of technical advice including the provision of technical studies, prototyping and technical demonstrators, concept development, project and task based technical advice. |
| Marketing & Communications Consultancy | The provision of objective marketing and communications advice including advice on the development of publicising and the promotion of the Department's Business Support programmes, including advice on design, programme branding, media handling, and advertising. |
| Organisation & Change Management Consultancy | Provision of objective advice relating to the strategy, structure management and operations of an organisation in pursuit of its purposes and objectives. Advice related to long range planning, re-organisation of structure, rationalisation of services, general business appraisal of organisation should also be included. |
| Procurement Consultancy | The provision of objective procurement advice including advice in establishing procurement strategies. |
| PPM Consultancy | The provision of advice relating to ongoing programmes and one-off projects. Advisory support in assessing, managing and or mitigating the potential risks involved in a specific initiative; work to ensure expected benefits of a project are realised. |