Department
of Health &
Social Care

Department of Health and Social Care

Group Accounting Manual 2018-19: Consultation Exercise Results

June 2018

DH ID box
Title: Department of Health and Social Care Group Accounting Manual 2018-19: Consultation Exercise Results
Author: Finance Directorate/ Accounts/ Accounts and Operations / 14470
Document Purpose: Guidance
Publication date: June 2018
Target audience: Accounts Compilation Teams Across the Department of Health and Social Care Group
Contact details: Steven Wareing Finance Directorate – Accounts and Operations Department of Health and Social Care Room 2S14, Quarry House Leeds LS2 7UE DH_GAM@dh.gsi.gov.uk

Published to gov.uk, in PDF format only.

www.gov.uk/dh

Contents

1. Executive Summary....4
2. Background to this consultation....5
3. Details of consultation questions and responses....6
A. Adoption of IFRS 9 Financial Instruments....6
B. Adoption of IFRS 15 Revenue from Contracts with Customers....8
C. Change in Discount Rate Methodology....11
D. Amendments to IAS 7 Statement of Cash Flows Disclosure Requirements....13
E. Disclosure of Medical Locum Staff Costing over £142,500 per annum....13
F. How the External Finance Limit is employed....15
G. General Questions Regarding the Group Accounting Manual....16
4. Conclusion to the consultation....18
Annex 1: List of responders to the consultation....19

1. Executive Summary

All bodies within the Department of Health and Social Care accounting boundary (DHSC group bodies) must publish annual reports and accounts. Clear and transparent reporting helps the entity − as well as the users of the entity's annual report and accounts − understand and scrutinise the year's operations and outcomes.

The Department of Health and Social Care (and Monitor as the regulator for NHS foundation trusts, operating as NHS Improvement) has powers to direct the form in which the annual report and accounts should be prepared, the information that should be included, and the methods and principles that should be followed in their preparation. In determining the form and content of the accounts we must, by statute, aim to ensure the accounts present a true and fair view.

In order to achieve this, the department issues a group wide annual report and accounting manual every year, the *'Department of Health and Social Care Group Accounting Manual*' (GAM), containing the requirements DHSC group bodies need to follow when preparing their annual reports and accounts. Additionally, NHS Improvement separately publishes the annual reporting requirements for NHS foundation trusts via the *'NHS foundation trust annual reporting manual'* (FT ARM). The FT ARM contains the formal accounts direction but foundation trusts will follow the GAM for accounts requirements.

The GAM requires DHSC group bodies to follow the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, and the HM Treasury Financial Reporting Manual (FReM). Therefore, the GAM only includes detailed accounting guidance where DHSC group bodies are:

- required to depart from IFRS or the FReM
- required to make specific disclosures in addition to IFRS and the FReM, or
- faced with particular circumstances that IFRS or the FReM do not address.

Updates to the GAM follow the same principle and, on that basis, are required where IFRS or the FReM have changed, or when DHSC group bodies are required to make specific extra disclosures.

Some content for 2018-19 is not yet available, such as Treasury Discount Rates. The GAM indicates where this is the case, and the manual will be revised later in the year once this content is known. The additional guidance document published alongside the December 2018 revision of the 2018-19 GAM will signpost the changes made within the manual.

2. Background to this consultation

This consultation related to the draft GAM for 2018-19. The consultation period ran from 22 January 2018 until 23 February 2018. Proceeding the consultation period, the revised GAM has been subject to further assessment by HM Treasury's Financial Reporting Advisory Board (FRAB) to clear the final draft.

The consultation took place at the same time as the 2017-18 exercise, perhaps again contributing to the restricted level of response. Moreover a number of forums in which the user community could express their opinion on the considered changes in the GAM were also held during the consultation period, which may further explain the reduction in ALB responses. The exercise sought to align with digital best practice being hosted on the online portal citizen space. As this broke with the usual approach to the GAM consultation, a number of responses were still received via the process previously operationalised. These responses were nevertheless incorporated into the consultation responses taken into consideration.

Detailed feedback has been received from the user community and technical experts, which has helped inform and enhance the 2018-19 GAM. The proceeding sections of this document summarise the technical question posed, responses received and the Department's action.

Following this consultation and after obtaining approval by FRAB, the *Department of Health and Social Care Group Accounting Manual for 2018 to 2019* was published on 27th April 2018.

3. Details of consultation questions and responses

A. Adoption of IFRS 9 Financial Instruments

This section deals with the adoption, interpretation and adaptation of IFRS 9 Financial Instruments, superseding IAS 39 from 1 April 2018.

The objective of IFRS 9 is to establish principles for the reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

Specific consultation regarding the adoption of the standard by HM Treasury took place in previous financial years.

The material changes this makes to the 2018-19 GAM are signposted in the summary of changes section, predominantly within chapters 4 and 5. It should be noted from the outset that this standard is complex. Practitioners should ensure they are familiar with the standard as well as the numerous interpretations and adaptations provided by HM Treasury for application to government bodies, which are detailed in 4.157 and 4.158 of the GAM. Beyond these exceptions, the standard is to be adopted in full.

Consultation technical question 1:

Do you have any comments on the guidance provided in the GAM for the adoption of IFRS 9 Financial Instruments?

Summary of Responses

The responses were supportive of the approach to adopting IFRS 9 as covered in the draft GAM. This was coupled with requests for additional clarity in a number of areas including; the general and simplified approach to impairments, considerations around the irrevocable election for equity instruments, further explanation of the FReM adaptations and interpretations and hedging requirements.

DHSC's Decision

Whilst paragraph 1.4 of the GAM emphasises that it is not an accounting textbook, we agreed that further detail and clarity around the applicability of IFRS 9, enhanced the informative nature of the GAM for group entities.

The key areas of the GAM which address the significant elements of IFRS 9 application for group bodies has been supplemented with additional detail and in places re-ordered, to enhance the clarity of the guidance provided.

Users will find revisions to Chapter 4 and Chapter 4 Annex 6 in the 2018-19 GAM published.

A notable change of approach will occur regarding the accounting treatment of DHSC loans to NHS bodies, as a result of IFRS 9 adoption. Treatment will change from recognition at historical cost to measurement at amortised cost, using the effective interest rate method.

There are two key issues that underlie the need to adjust the accounting policy in this area. Firstly, under IFRS 9 these loans should be measured at amortised cost using the effective interest method, rather than at the current measurement of historic cost. Secondly, IFRS 9 requires classification of instruments by the basis of measurement (see 2018-19 GAM Chapter 5 Annex 1 notes 1.28 and 1.29), thus removing the loans and receivables classification under which the DHSC loans previously sat, which would now be subsumed under the amortised cost classification.

In terms of the mechanics of accounting for DHSC loans at amortised cost under IFRS 9, the nominal rate DHSC charges would serve as the effective interest rate, which would then be applied to the loan balance. Such an approach provides simplification compared to the historical cost approach that required entities to account for the principal and interest separately.

To ensure that the eliminations are completed appropriately, it is critical that NHS bodies and DHSC maintain agreement over the loan balances and nominal interest rates being charged.

Consultation technical question 2:

Do you have any concerns regarding the feasibility of adopting the revised treatment of DHSC loans under IFRS 9?

Summary of Responses:

There was broad support for adopting the approach as mandated under IFRS 9 and respondents were content that the change in approach wouldn't create material issues for entities. This was coupled with requests for timely agreement on approach between entity and DHSC together with requests for worked examples as to how this revised approach is operationalised.

DHSC's Decision

We will implement the proposed approach to DHSC loans.

Additional commentary has been provided around the worked example in Chapter 4 Annex 6 but as the approach has mainly presentational effects in removing the separate accounting for principal and interest under the previous approach, it was not felt further examples were warranted. This assessment remains under review with potential to reflect additional examples via an FAQ or through other reporting mediums.

B. Adoption of IFRS 15 Revenue from Contracts with Customers

This section deals with the adoption, interpretation and adaptation of IFRS 15 Revenue from Contracts with Customers, superseding IAS 11 and IAS 18 from 1 April 2018.

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Specific consultation regarding the adoption of the standard by HM Treasury took place in previous financial years.

Whilst this standard may present as less technical than IFRS 9, IFRS 15 asks entities to make various considerations as to the nature of the contracts entered in to, as well as the goods and services and obligations established with customers.

Taking considerations around performance obligations as an example, under IFRS 15 if an obligation is assessed as being satisfied at a point in time, then revenue can only be recognised when the performance obligation has been satisfied in full. Revenue can only be recognised over time, if the performance obligation is also judged to be satisfied over time.

Determinations regarding such factors dictate the appropriate accounting treatment and disclosure requirements for revenue under IFRS15. Thus it is important that all aspects of the standard are digested. Please note also that a key emphasis running through the standard surrounds the consistency of judgements made.

The material changes this makes to the 2018-19 GAM are signposted in the summary of changes section, predominantly within chapters 4 and 5. The standard is to be adopted in full with the interpretations and adaptations that are identified in 4.47 to 4.48 of the GAM.

Consultation technical question 3:

Do you have any comments on the guidance provided in the GAM for the adoption of IFRS 15 Revenue from Contracts with Customers?

Summary of Responses:

Extensive responses were received covering a number of aspects concerning the impact of IFRS 15 adoption across the group. Whilst support was given to the approach to adopting IFRS 15 as per the draft GAM, recurring themes within the responses received included; further elaboration behind assessments made regarding accounting for income generating activities referenced in the GAM, suggestions of other areas the group may wish to assess and provide central guidance regarding IFRS 15 impacts such as for the NHS Standard Contract and treatment for the agreement of balances exercise, as well as the updating of guidance such as for Maternity Pathways to reflect IFRS 15 adoption.

DHSC's Decision

As per IFRS 9 considerations we agreed for the need to develop additional application guidance to assist group entities in adoption of IFRS 15.

As such significant additions have been made to the 2018-19 GAM. Material revisions and a greater depth of application guidance can be found in Chapter 4 paragraphs 4.41 to 4.70. Moreover an additional annex, Chapter 4 Annex 10, delivers updated guidance relating to Maternity Pathways.

In regards to further centralised guidance, DHSC can confirm a project is underway to assess the implications of IFRS 15 on accounting for the NHS Standard Contract. This project is being delivered in conjunction with NHSI and the outcome of which will be disseminated to all impacted entities on completion.

It should also be noted that IFRS 15 requests disclosures to assist users in understanding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Under the new standard, entities disclose more information about their contracts with customers than currently required under IAS 18 and IAS 11. As per the standard it is expected that this information is both ***qualitative and quantitative.*** Discussions in both public and private sectors have raised concern regarding the increased burdens such requirements may place upon accounts compilation teams.

Whilst HM Treasury considers it appropriate to apply the disclosure requirements in full, they are keen to emphasise that the standard requests entities to make appropriate materiality considerations when determining the level of information to disclose, to ensure the detail provided does not undermine the understandability of the financial statements. It should also be noted that IFRS 15 is explicit regarding the point that an entity need not disclose information in accordance with IFRS 15, if the information is provided in accordance with another Standard. Table 1 below provides a summarised view of the disclosure requirements as per IFRS 15.

Table 1: Summary of IFRS 15 Disclosure Requirements

Name	**Details of Requirement**
Disaggregation of Revenue	Entities must disaggregate revenue into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. If matching materiality considerations, this may be exercised through segmental reporting, reducing the requirement for this aspect of IFRS 15
Contract Balances	The Standard requires entities to disclose; the opening and closing balances of receivables, contract assets and contract liabilities, revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period and from obligations satisfied in previous periods; and an explanation of significant changes.

	This requirement offers similarities to IAS 11 disclosures and the duration of the contracts should have an impact regarding considerations made on materiality.
Performance obligations	Entities shall disclose information about its performance obligations in contracts with customers, including a description of: when performance obligations are typically satisfied, for example, upon delivery or as services are rendered and the significant payment terms, for example, when payment is typically due and whether the contract has a significant financing component. Under IFRS 15 it is considered acceptable (both in the view of HM Treasury and the International Accounting Standards Board) to expand the detail provided regarding the accounting policy adopted, rather than provide the above detail for every contract. This leaves the disclosure note as an opportunity to discuss particularly material contract details if necessary.
Transaction price for remaining performance obligations	Entities shall disclose the aggregate amount of the transaction price allocated to performance obligations that are (partially) unsatisfied and an explanation of when an entity expects to recognise these amounts as revenue. It is noted that collation of information external to accounting systems may be required to fulfil this requirement such as through obtaining information from commercial systems.
Assets	Entities are required to disclose judgements made in determining the amount of the costs incurred to obtain or fulfil a contract and the method it uses to determine the amortisation, if assets arise not already in the scope of IAS 2, 16 or 38 (viewed as unlikely).
Significant Judgements	IFRS 15 requests disclosure of judgements and changes in these judgements made in applying the Standard, akin to existing requirements under IAS 1.
Practical Expedients	Where an entity elects to utilise a practical expedient offered under IFRS 15, this must be disclosed here.

Consultation technical question 4:

Do you have any comments on the guidance provided regarding the adoption of IFRS 15 Revenue from Contracts with Customers disclosure requirements currently?

Summary of Responses:

Responses indicated that all users were aware of the significant increase to disclosure requirements as a result of IFRS 15 adoption, with the majority of respondents keen to assess the proposed disclosures as soon as is practicable.

DHSC's Decision

In regards to developing the necessary IFRS 15 disclosures to share with group entities, a forum in which senior finance colleagues representing DHSC, the national bodies and consolidated ALBs meet to discuss and agree key accounting principles, has agreed a high level direction as to how the various disclosure requirements will be taken forward from both a qualitative and quantitative perspective. The various disclosure formats are now being developed and will be shared with entities when finalised.

Where the format of the qualitative disclosure has been agreed to be suitable for inclusion in the accounting policy note (APN), the example APN in Chapter 5 Annex 1 of the 18-19 GAM has been updated to reflect this.

C. Change in Discount Rate Methodology

This section deals with the adoption of a new methodology by HMT, further guidance around which will be provided by HM Treasury during 2018-19

The PES (2017) 10 *Discount Rates for Post-Employment Benefits and General Provisions: Announcement of Rates* was issued on 11 December 2017 and signposted a change in methodology that will take effect for 2018-19.

HM Treasury has undertaken a review of the discount rate methodology applied to general provisions and has consulted with departments in this regard. This review culminated in several options being outlined to the Financial Reporting Advisory Board (FRAB) on the methodology to apply.

The FRAB considered the assessment of the options and in November 2017 approved a change in methodology determining that HM Treasury should provide departments with **nominal rates** for general provisions and long-term liabilities other than pensions and termination benefits.

This change has been viewed as necessary in order to ensure that the discount rate methodology continues to meet the accounting standard's requirement to provide entities with rates that reflect current market assessments of the risk-free time value of money.

A key impact of this change is that use of nominal rates to discount general provisions, will require entities to forecast and apply inflation assumptions, to calculate inflationary adjusted cash flows in respect of general provisions. The inflation assumptions used will be dependent on the circumstances pertaining to the provision and individual departments.

HM Treasury will issue guidance in 2018-19 to assist departments with the practical implications of assessing inflationary effects on cash flows, as well as providing guidance in the FReM and will confirm the nominal rates to use for 2018-19, in a December 2018 PES paper.

To enable entities to model the likely financial impact of the change in rates to provisions, HMT provided the following recommended discount rates to use as indicative 2018-19 rates, which will be updated in the December 2018 PES paper.

Table 2: 2018-19 Indicative nominal discount rates

Term	Nominal rate
Short-term	0.54%
Medium-term	1.13%
Long-term	1.99%

As such the 2018-19 GAM will reflect this information and a holding response signposting that further guidance is awaiting from HM Treasury.

Consultation technical question 5:

Do you have any comments regarding the revised HM Treasury approach to discounting general provisions?

Summary of Responses:

Responses to this question were more limited, perhaps linked to a lack of perceived materiality by certain entities and the fact that further guidance around how the approach and any transition from real rates is to be operationalised, will be provided by HM Treasury in line with the regular Public Expenditure System (PES) update in November.

Whilst there was tentative support for this move to eradicate negative discount rates, the overwhelming concern was for clear guidance to be provided as soon as is practicable and in particular for guidance to be provided regarding the appropriate indices to employ for certain types of provisions.

DHSC's Decision

The department continues to liaise with HM Treasury to better understand how this shift to nominal rates will be operationalised. HM Treasury are to update FRAB in June as to progress being made. This update will provide greater clarity as to the approaches HM Treasury are currently considering, at which stage we will be able to feed back to colleagues more fully. Initial discussions with HM Treasury have given consideration to the IAS 8 implications, which are an addition to Chapter 4 Annex 7.

Chapter 4 Annex 7 of the 18-19 GAM will reflect the HM Treasury guidance when it is received via an FAQ.

The Department will be liaising with entities in the group to which this may have a material impact in the meantime.

D. Amendments to IAS 7 Statement of Cash Flows Disclosure Requirements

This section deals with the adoption of additional disclosure requirements under IAS 7 Statement of Cash Flows

As part of IASB's disclosure initiative which has sought to improve the presentation and disclosure of financial reporting, enhancements of the disclosure requirements relating to IAS 7 have been developed which revolve around enabling users to evaluate both the cash and non-cash changes in liabilities arising from financing activities. This relates to paragraphs 44A to 44E in the Standard.

The 2018-19 FReM illustrative statements published 20 December provide detail regarding the requirements as well as a suggested template for the disclosure in the note entitled, *"Reconciliation of liabilities arising from financing activities"*.

This amendment of IAS 7 is referenced in paragraph 5.109 of the GAM. NHS bodies should follow the illustrative accounts formats provided by their national bodies.

Consultation technical question 6:

Do you have any comments regarding detail provided for the additional disclosure requirements under IAS 7 Statement of Cash Flows?

Summary of responses

Being a peripheral and relatively non-contentious disclosure addition, responses were expected to be limited which was indeed the case. Respondents predominantly commented on the use of providing and mandating a format for this disclosure.

DHSC's Decision

Paragraph 5.109 of the 18-19 GAM has been revised to provide a footnote linking to the FReM Illustrative Statements as well as a further reference citing where in the Standard an illustrative example can be found.

Furthermore the paragraph has been supplemented to confirm that the relevant templates and schedules will provide the data requirements and format for this disclosure.

E. Disclosure of Medical Locum Staff Costing over £142,500 per annum

This section deals with the inclusion of an additional reporting requirement to be situated in the remuneration report.

NHS providers must include details of agency medical staff (also known as 'locums') whose total cost to the organisation in the financial year 2018-19 has been over £142,500 on an accruals basis.

Total cost to the organisation must include all elements of charge relating to that individual as billed by the relevant agencies, covering salary to the individual, including holiday pay, employers' NI contributions, employers' pension contributions, agency commission, expenses and other charges relevant to the engagement.

This information must be presented in the following table adjacent to the organisation's remuneration report for senior staff:

Table 3:

Name	**Role**	**Total cost to the organisation in 2018-19 (£)**
e.g. Dr S Smith	*Consultant Orthopaedic Surgeon*	*167,258*

Where there is more than one entry in the table, it must be sorted alphabetically by surname, and footnotes must be used where any further explanations are necessary. If an organisation does not have any agency medical staff that meet this criteria the table must be replaced with the following statement:

The trust did not engage any medical agency staff in 2018/19 that individually cost over £142,500.

Consultation technical question 7:

Do you have any comments regarding the highly paid locum disclosure?

Summary of Responses:

Responses detailed a number of pertinent concerns regarding the principles underpinning this disclosure. These concerns predominantly focused on; the impact of the introduction of General Data Protection Regulations and compliance with other general data protection rules, if any terms of employment required adjustment to enable or require disclosure, how objections to this may/ could be handled and potential unintended impacts of there being less appeal to work in the NHS.

Furthermore a significant number of respondents expressed concern regarding the informative nature of the disclosure as currently composed due to not reflecting the recently revised threshold of £150,000, as well as not being derived in a comparable manner to the senior staff remuneration disclosure, to which it would sit adjacent to. One respondent also highlighted that whether a prior year comparator was required had not been covered by the guidance offered.

DHSC's Decision

In light of the concerns raised, this disclosure requirement has been removed from the 18-19 GAM so that the policy team can re-work the guidance behind the disclosure to ensure that it is suitably comparative and consistent with information disclosed in the remuneration section of the Annual Reports.

As part of this process the policy team will revisit concerns around data protection and concerns expressed around terms and conditions to ensure that any legal risks remain absent from this disclosure.

On provision of legal assurances regarding the disclosure and the development of a derivation consistent and comparable with the current remuneration disclosures, the locums disclosure will return to the 18-19 GAM via an FAQ. As such entities should be aware that this reporting requirement is likely to return to the GAM in a revised and improved format.

We thank all respondents for the detailed considerations given in this area to help enhance the feasible and informative nature of this disclosure.

F. How the External Finance Limit is employed

This section invites comments regarding the how the External Financial Limit is used by entities to inform their financial control and reporting routines

As part of the 2017-18 GAM, further detail was provided regarding the necessary performance disclosures for NHS Trusts. Within this, additional detail was provided regarding the external finance limit that is set for each NHS Trust.

On the basis of the additional detail provided, further conversations have begun across the DHSC Group as to the value derived by entities in monitoring and managing performance against this measure and as to whether the limit performs as an appropriate control.

As such we are keen to understand how or if this limit is used within NHS Trusts. The appropriate guidance for reporting against the EFL can be found in paragraph 5.197 and 5.198 of the 2018-19 GAM.

Consultation Question 8

Do you have any comments regarding the use or application of, the External Finance Limit for your organisation?

Summary of Responses:

Few responses were elicited to this question. The responses received on this question confirmed that entities don't use this to inform internal reporting and have to expend resource managing and explaining this year end reporting requirement. Other measures employed by providers deliver more informative guides regarding internal performance.

DHSC's Decision

This feedback has been passed on to the policy team responsible for this reporting requirement who are considering next steps. An update will provided in due course.

G. General Questions Regarding the Group Accounting Manual

This section invites comments regarding any further areas of the 2018-19 that the consultee wishes to make

The following minor changes should be noted:

- The NHS Trusts accounts direction has been included as an annex (Chapter 2 Annex 4).
- The disclosure of receivables and payables by 'NHS' and 'non-NHS' has been clarified to require separate disclosure only of receivable and payable amounts with other DHSC and NHS bodies (including MHRA and NHS Blood and Transplant) (paragraphs 5.101 and 5.108).
- The requirement to separately present purchase of healthcare from 'NHS bodies' and 'non-NHS bodies' clarified to relate to 'NHS and DHSC bodies' and 'non NHS/DHSC bodies' (paragraph 5.45).
- Reference to the consolidated NHS trust account has been replaced by reference to the consolidated NHS provider account (paragraph 2.30)
- Minor amendments have been made to Chapter 3 Annex 3 exit packages and severance payments to improve structure.
- Further clarification is provided to confirm that the calculation of PDC dividend does not include net assets relating to consolidated NHS charities (paragraph 4.166)
- Removal of the mandatory requirement for separate presentation of 'Other fees and charges' income, with clarification that NHS foundation trusts may include disclosure on fees and charges in either the annual report, or as a note to the accounts (paragraphs 5.63 and 5.76) .

Consultation technical question 9: **Do you have any comments on any other amendments made?**
Consultation technical question 10: **Do you have any general comments on the draft GAM?**

Summary of Responses

The key themes of the responses provided to the more general questions posed are as follows.

One respondent queried as to whether disclosure of fees and charges and remote contingent liabilities, for entities that do not need to construct a Parliamentary Accountability report, should be mandated to be disclosed in the annual reports or the notes to the accounts with the corresponding adaptations inserted into Chapter 4 Annex 1.	Whilst the disclosure of this detail relates to HM Treasury and Parliamentary requirements than any accounting standard requirements and thus is not an adaptation of a Standard but an addition to reporting, we do see the merit of mandating the location of this disclosure so that all entities across the group are reporting in a consistent manner. The department will consider this further for the 2019-20 GAM.
A number of respondents raised queries in regards to the clarity of the guidance around remuneration reporting and in particular to further clarity around staff sharing arrangements.	The 2017-18 GAM provided additional clarity in these areas which have been carried forward. Nevertheless we appreciate that there is scope to further refine this guidance and will continue to work with all stakeholders to further enhance this area of the guidance for the 2019-20 edition of the GAM.
A number of respondents confirmed that the senior manager threshold is now £150,000.	The £150,000 threshold has now been reflected in the 2018-19 GAM published.
One respondent commented that in the summary of changes whilst the individual paragraph references are linked, the references to chapters and supporting annexes aren't.	We agreed that this established an unnecessary inconsistency. As such all references to chapters and annexes in the section of the GAM are now hyperlinked.
One respondent requested as to whether sustainability reporting requirements could be made more prominent in the GAM	The department will work with stakeholders to consider whether this area of guidance can be enhanced in the 2019-20 edition of the GAM.

A number of respondents were keen to receive further clarity around Public Dividend Capital (PDC) calculation and Sustainability and Transformation Fund (STF) operationalisation	In regards to PDC calculation, the guidance has been refined from that provided in the 2017-18 edition of the GAM. Nevertheless we appreciate there remains scope to enhance the clarity of the guidance further and will work with stakeholders to consider additional improvements to the 2019-20 GAM PDC guidance. In relation to STF the practice of providing additional guidance in this area via an FAQ is expected to continue. We will continue to publish the additional guidance in a timely manner so as to ensure such guidance is received in a timely manner.

4. Conclusion to the consultation

We are grateful for all the responses we received to our consultation. As a result of these, we made a number of changes to the GAM 2018-19 before publication, which we hope will ensure it better meets users' needs. In considering these comments, we have needed to ensure that the guidance given is clear and sufficient, without becoming overly detailed or prescriptive. In some cases, therefore, we have noted comments made but have concluded that the guidance should remain as drafted.

It should be noted that feedback from the FRAB regarding the post consultation GAM confirmed it to be an impressive and comprehensive guidance document. We would like to thank all respondents for their direct input in to delivering such a positive response from FRAB. No doubt there is scope for further improvement to the *GAM*, and we have taken away a number of issues from this consultation for consideration in drafting the 2019-20 manual. We will welcome your input to the GAM 2019-20 in due course.

The published GAM 2018-19 can be accessed at the following link:

https://www.gov.uk/government/publications/dhsc-group-accounting-manual-2018-to-2019

Annex 1: List of responders to the consultation

BDO

Deloitte

Grant Thornton

Healthcare Financial Management Association (HFMA)

Mazars

National Audit Office

Department of Health and Social Care

NHS England

NHS Improvement

Barnsley CCG

Dorset Healthcare University NHS FT

Guy and St Thomas' NHS FT

Devon Partnership NHS trust