



Financial Reporting Advisory Board Paper

Department of Health and Social Care Group Accounting Manual 2022-23

Issue:	This paper provides an update on plans to publish the 2022-23 Department of Health and Social Care Group Accounting Manual and presents a post consultation draft for comment and approval
Impact on guidance:	The Manual supplements the FReM for the DHSC Group
IAS/IFRS adaptation?	The Manual follows the adaptations and interpretations in the FReM
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public sector context?	The Manual follows the adaptations and interpretations in the FReM
Impact on budgetary regime?	N/A
Alignment with National Accounts – ESA 10?	N/A
Impact on Estimates?	N/A
Recommendation:	FRAB is asked to note the proposed timetable for publication, comment and approve the Group Accounting Manual 2022-23 for publication
Timing:	The Manual is published annually at the end of April / beginning of May

DETAIL

Background

1. The Department of Health and Social Care's (DHSC) Group Accounting Manual (GAM) for 2021-22 was approved by FRAB and subsequently published 12 May 2021. The 2022-23 Manual is being finalised to a similar timetable.
2. The Department's consultation on the 2022-23 Manual with key stakeholders and preparers has closed. Adjustments stemming from consultation responses have been built in to the 2022-23 GAM under consideration by the Board.
3. The main changes to the 2022-23 GAM relate to the inclusion of guidance regarding the implementation of IFRS 16. Other changes include limited additions relating to implementation of the Health and Care Bill and other cosmetic changes to aide clarity of guidance provided throughout the GAM.

Purpose of this paper

4. This paper describes the changes incorporated into the 2022-23 Manual, sets out the remaining timetable for publication, confirms the approach to updating the Board in relation to the commencement of the Health and Care Bill and presents a post consultation draft of the Manual.

IFRS 16 - Leases

5. A full review of the text of the Manual has been undertaken, replacing references to the previous leasing standards, amending and contextualising accounting treatments and disclosure requirements as necessary for the health sector to implement IFRS 16 in the 2022-23 financial year.
6. As well as replicating the FReM adaptations and interpretations in the body of Chapter 4, Chapter 4 Annex 11 has been drafted to focus on key areas of the Standard that will assist health sector entities in implementation of IFRS 16.
7. The guidance in the current draft of the Manual has been developed and shaped over a number of consultation processes undertaken with stakeholders and users internal and external to the sector. Each year the latest IFRS 16 guidance has been published on gov.uk as part of the [DHSC IFRS 16 implementation guidance](#). DHSC has also developed illustrative examples and infographics to assist practitioners in bringing the application of IFRS 16 to life.
8. Very minor updates have been made to the IFRS 16 application guidance FRAB received as part of the draft 2022-23 GAM shared in January 2022 which are detailed in the change log at annex B.
9. There are significant accounting, budgeting and reporting impacts to manage within the DHSC Group on transition to IFRS 16. The Department has been proactive in ensuring that significant levels of guidance, across various mediums, has been developed and refined over a number of years to assist entities with transition to IFRS 16.
10. The Department has developed various implementation tools, led webinars and technical sessions on IFRS 16, as well as continuing to collaborate with NHS England and NHS Improvement in the development of NHS specific frequently asked questions, that are referenced in and consistent with, the application of IFRS 16 per the GAM and consequently the FReM.

Other Changes

11. The most notable other change incorporated into this version of the 2022-23 GAM relates to clarification that the demise of Clinical Commissioning Groups (CCGs) and the establishment of Integrated Care Boards (ICBs) and transfer of assets and liabilities from one to the other, on commencement of the Health and Care Bill during the Summer, will be accounted for using the Department's modified absorption accounting approach.

12. As both CCGs and ICBs are entities within the Department's boundary, the transfers of assets and liabilities will occur as transfers of function as is dictated by the FReM for such transfers. The Department will employ its modified absorption approach, through which the opposing entry to the net asset or liability position that transfer, will go through reserves, rather than to non-operating income or expenditure. Such departures from the usual approach to accounting for transfer of functions is allowable per paragraph 9.1.20 of the 2022-23 FReM.

13. Regarding wider changes to the GAM on commencement of the Health and Care Bill, whilst the GAM already deals with part year reporting requirements and will make reference to the approach to accounting for the transfer of functions occurring as referenced in paragraphs 12 and 13, other updates may be required when the provisions of the Bill are finalised and commenced. The Department and NHS England and NHS Improvement representatives will update the Board in the next meeting as to the impact of implementing the Bill on the health sector and the updates required to the Manual.

14. Further minor changes made to the GAM, listed in the change log shared as annex B, mostly help refine the existing guidance in relation to remuneration reporting which will also be reflected in a year end update to the 2021-22 GAM. They help clarify the new requirements in relation to fair pay disclosure that HM Treasury communicated in December and offer guidance held in the Employer Pension Notices, to which the FReM refers for specific guidance on pensions disclosure.

Timetable and Next Steps

15. The high-level timetable for publication of the 2022-23 Manual is set out at Annex A.

16. A post consultation version of the Manual, shaped by comments received from consultation respondents, is now submitted for FRAB comment and approval, allowing publication at the end of April 2022.

DHSC Group Accounting Manual 2022-23

17. The draft 2022-23 Manual is presented in Annex C. Specific changes made in the GAM are detailed in Annex B.

Recommendation

18. FRAB is asked to:

- note the proposed timetable for publication,
- approve the draft Group Accounting Manual 2022-23 for publication.

Annex A: Timetable for publication of the 2022-23 DHSC Group Accounting Manual

Dec 20	2022-23 FReM published
Jan 21	Draft 2022-23 GAM shared with FRAB
Feb 21 – Mar 21	Consultation with key stakeholders and user community on draft GAM
Mar 21	Post consultation amendments
Mar 21	2021-22 GAM submitted to FRAB for comment and approval
Mar – Apr 21	Post FRAB changes
Apr 21	FD sign-off
Apr / May 21	2022-23 GAM published

Annex B: Department of Health Group Accounting Manual 2022-23 Change log

See separate document.

Annex C: Department of Health Group Accounting Manual 2022-23

See separate document