



Financial Reporting Advisory Board Paper

Department of Health and Social Care Group Accounting Manual 2023-24

Issue:	This paper describes the changes incorporated into the 2023-24 Manual, sets out the remaining timetable for publication, confirms the approach to matters yet to be included in the 2023-24 GAM and presents a post consultation draft of the Manual.
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 2023-24 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 2022-23 was approved by FRAB and subsequently published in June 2022. The 2023-24 Manual is being finalised to a similar timetable.
2. The Department's consultation on the 2023-24 Manual with key stakeholders and preparers has closed. Adjustments stemming from the consultation responses have been built in to the 2023-24 GAM under consideration by the Board.
3. Whereas in previous years there have been one or two significant updates made to the GAM, for 2023-24 there are a few discreet areas of guidance that have been updated, such as; the guidance regarding the implementation of IFRS 16 measurement principles for public private partnership liabilities, further reporting revisions stemming from implementation of the Health and Care Act, minor adjustments to provide clarity regarding derivation of remuneration disclosures, removal of IFRS 16 transition guidance, plus inclusion of group disclosures requirements for IFRS 16 and other cosmetic changes to enhance the clarity of guidance provided throughout the GAM.

Purpose of this paper

4. This paper describes the changes incorporated into the 2023-24 Manual, sets out the remaining timetable for publication, confirms the approach to matters yet to be included in the 2023-24 GAM and presents a post consultation draft of the Manual.

Application of IFRS 16 principles to Public Private Partnership (PPP) / Private Finance Initiatives (PFI) liabilities

5. A full review of the text of the Manual has been undertaken, replacing references to the previous approaches taken to measuring and subsequently measuring PPP / PFI liabilities. Changes to Chapter 4, Chapter 4 Annex 5 and Chapter 5 Annex 1 were incorporated into the pre consultation version of the GAM shared with the Board. The guidance in the 2023-24 GAM reflects the position on measuring PPP / PFI liabilities in the 2023-24 Financial Reporting Manual (FReM).
6. Stemming from the consultation further minor changes have been made in Chapter 4 Annex 5 to clarify the approach being taken from 2023-24. It should also be noted that the GAM guidance remains incomplete in this area, as is the 2023-24 FReM, which footnotes application guidance on the matter which is yet to be published. When this is published the 2023-24 GAM will incorporate this guidance and any further appropriate contextualisation of the guidance for the sector.

Health and Care Act reporting updates

7. Further updates have been made in the 2023-24 GAM arising from the regulatory framework established by the Health and Care Act. Per previous papers to the Board on the 2022-23 GAM in FRAB 146 and a specific Health and Care Act update in FRAB 147, we confirmed that further reporting requirements would be present in the 2023-24 GAM when considered by the Board in March 2023.
8. Some key changes were reflected in the version of the 2023-24 GAM consulted on such as the removal of Chapter 2 Appendix 1 as the performance measures detailed within that appendix are no longer relevant having related to Clinical Commissioning Groups (CCGs) than Integrated Care Boards (ICBs), addition of performance reporting requirements around performance against

plans published, mental health spend disclosures and reporting on health inequalities. Post consultation Chapter 2 Appendix 1 was reinstated in the GAM containing revised guidance relating to ICB performance measures.

9. Given these reporting requirement updates are equally relevant for the 2022-23 financial year, the guidance will also be incorporated in to a year end update of the 2022-23 GAM.

IFRS 16 Leases

10. The 2023-24 GAM removes guidance relating to transition to IFRS 16 and provides some required disclosures for group entities to disclose where material. These are designed to ensure sufficient assurances can be provided over the figures disclosed to DHSC through consolidation schedules entities compile which drive intra group eliminations, given the volume and value of intra group leasing.

11. These disclosures relate to right of use assets, lease liabilities, receivables and plant property and equipment derecognised as part of an intra group finance lease arrangement, requiring additional counterparty splits to be given of the totals identified as intra group. Given these changes to reporting requirements are equally relevant for the 2022-23 financial year, the guidance will also be incorporated in to a year end update of the 2022-23 GAM.

Other changes

12. Further minor changes made to the GAM include the refinement of the existing guidance relating to how temporary or agency staff should be included as part of fair pay disclosures after consultation with HM Treasury, the treatment of part year disclosures for the remuneration tables, as well as the correction of various minor typos identified. Where these changes will help refine the application of current guidance in the GAM, they will also be included in a year end update of the 2022-23 Manual.

Matters impacting the 23-24 GAM not currently incorporated

13. There are areas in which the guidance provided in the 2023-24 GAM will be supplemented at a later date. These are detailed below.

14. 2023-24 sees the implementation of a new code of governance for [NHS provider trusts](#). Whilst the code has been published and naturally has annual reporting implications for the 2023-24 accounts of NHS providers, these will be incorporated into the 2023-24 GAM later in the financial year. The Board will be provided with detail of these disclosure requirements through development cycle of the 2024-25 GAM.

15. HM Treasury have provided updates regarding the process being taken to adopt the Task Force on Climate-related Financial Disclosures (TCFDs). As guidance regarding phase 1 disclosures is finalised for the 2023-24 reporting period, DHSC will assess how the requirements are best incorporated into the GAM.

Timetable and Next Steps

16. The high-level timetable for publication of the 2023-24 Manual is set out at Annex A.

17. A post consultation version of the Manual, shaped by comments received from consultation respondents, is now submitted for FRAB comment and approval, allowing for publication at the end of April 2023.

DHSC Group Accounting Manual 2023-24

18. The draft 2023-24 Manual is presented as Annex C. Specific changes made in the GAM are detailed as Annex B and a tracked changes version identifying the changes made post consultation has been shared as Annex D.

Recommendation

19. FRAB is asked to:

- note the proposed timetable for publication,
- approve the draft Group Accounting Manual 2023-24 for publication.

Annex A: Timetable for publication of the 2023-24 DHSC Group Accounting Manual

Dec 22	2022-23 and 2023-24 FReMs published
Jan 23	Draft 2023-24 GAM shared with FRAB
Feb 23 – Mar 23	Consultation with key stakeholders and user community on draft GAM
Mar 23	Post consultation amendments
Mar 23	2023-24 GAM submitted to FRAB for comment and approval
Mar – Apr 23	Post FRAB changes
Apr 23	SCS sign-off
Apr / May 23	2023-24 GAM published

Annex B: Department of Health Group Accounting Manual 2023-24 Change log

See separate document. Note there are separate tabs for pre and post consultation changes

Annex C: Department of Health Group Accounting Manual 2023-24 clean version

See separate document.

Annex D: Department of Health Group Accounting Manual 2023-24 tracked changes version

See separate document. The tracked changes cover the changes made post consultation.