

The Skills Development Network

**Proud to partner with the HFMA Eastern
Branch and One NHS Finance to bring you
the Eastern Annual Conference**

‘Building value, upholding values’

Budget Holder Reporting – Adding value by sharing good practice

Session C1 and D3

Creating value and efficiencies

Natalie Guild
Senior Management Accountant
North West Anglia Foundation Trust NHS

What will be covered

- What budget holders want from finance
- Pareto effect 80/20
- Duplication consolidation
- Efficiency 10% impact

What budget holders want from Finance

- Direction, instructions and follow ups
- Be available in person, and teams
- Visual representation of data
- Tend to have limited financial background, make numbers fun for them

What budget holders want from Finance

How would you prefer to go through the numbers if you were not financially minded. Engagement will increase substantially if you change your approach to include visuals

£				
Subjective	Budget	Actual	Variance	
4740 Other Operating Rev NHS	- 12,667	- 10,467	2,200	
4741 Other Operatg Rev Non NHS	-	438	438	
INCOME TOTAL	- 12,667	- 10,905	1,762	
5639 Admin & Clerical band 5	300,000	260,000	40,000	
5655 Admin & Clerical: Bank		3,000	3,000	
5687 Ancillary Bank domestic staff		20,000	20,000	
5691 Ancillary band 2	200,000	260,000	60,000	
PAY TOTAL	500,000	543,000	43,000	
7173 Ext Contr Laundry	359,008	300,000	59,008	
7180 Staff Uniforms & Clothing	27,921	20,000	7,921	
7191 Cleaning Materials		1,000	1,000	
7201 Bedding & Linen: Non-Disp	2,711	5,000	2,289	
7221 Stationery		200	200	
7230 Postage & Carriage		1,000	1,000	
7350 Furniture & Fittings	505	2,000	2,000	
NON PAY TOTAL	390,145	329,200	64,840	

INCOME

-£1.8k

- Lower NHS Ops income

PAY

-£46k

- £60k adverse in Ancillary B2
- £23k bank usage XX WTE
- £40k benefit in Admin band 5

NON-PAY

£65k

- £59k favourable in laundry
- £8k favourable staff uniform

Pareto effect 80/20

- 80% of consequences come from 20% of the cause, generally speaking
 - What does this mean?
 - Prioritise efforts in the 20% that is going to create value
 - Have time for the 80% on an ad-hoc basis
- e.g. you have 20 cost centres, of which 4 are driving the overspend. In the month, deep dive on these areas

Duplication consolidation

We don't have enough time, right?

How often do we check in with our peers, and see if we are doing the same thing differently?

Take a step back, talk, collate ideas and see what can be done to enhance output and alleviate time restraints

'If we always do what we've always done, we'll always get what we've always got'

Efficiency 10% impact

Food for thought...

If you had to reduce your workload by 10%, what would it look like?

What could you stop doing?

What do you do, because it's always been done?

What's the impact of not doing it?

What could you be doing instead?

Financial Services

Bozena Krogulec

Senior Management Accountant

North West Anglia NHS Foundation Trust

Financial Services Objectives

- To understand what is a Statement of Financial Position (Balance Sheet)
- Other Financial functions
- Trust Accounts Consolidation (TAC)
- Agreement of Balances (AoB)

Statement of Financial Position (Balance Sheet)

- “A statement of the assets, liabilities, and capital of a business or other organization at a particular point in time” (e.g. a snapshot)
- Assets:
 - Non-current assets (Property, plant and equipment, intangible assets)
 - Current assets (Inventories, cash, debtors)

Statement of Financial Position (Balance Sheet)

- Liabilities
 - Non-current liabilities (PFI loan, loan, lease liabilities)
 - Current liabilities (Creditors, PFI loan, deferred income)
- Net Assets/Equity (or Reserves) and their interaction with income and expenditure
 - PDC
 - Income and expenditure reserves
 - Revaluation reserve

Other Financial Functions

- Preparation of Annual Accounts
 - Trust Accounts Consolidation (TAC)
 - Agreement of Balances (AoB)
- Cash forecasting
- Reconciliation & VAT returns
- Charitable Funds
- Stock take

Trust Accounts Consolidation (TAC)

- TAC is a dataset that compiles financial information from all NHS trusts and NHS foundation trusts in England, submitted to NHS England to support production of the Department of Health and Social Care's (DHSC) group accounts
- Objectives:
 - Consistent, standardised reporting format
 - Supports DoH and DHSC in holding NHS trusts accountable for their financial activities and use of public money
 - Strategic decision making

Agreement of Balances

- process of confirming and reconciling financial balances between different NHS organisations
- AoB process helps to:
 - Ensure accurate financial reporting
 - Confirm that payments are correct
 - Avoid disputes over financial transactions
 - Improve transparency and accountability within the NHS financial system

My five tips for forecasting

Amy Snowling

Senior Finance Analyst

East of England Ambulance Service Trust

- Prep ahead! – what information can I obtain before?
- Compare – previous forecast v. actuals. Any variances worth investigating?
- Start drafting the forecast & check the current forecasting method is still best, if not amend.
- Arrange a monthly forecasting meeting with the budget manager & look at the big numbers!
- Distribute copies of the agreed forecast to attendees.

Accounting for Capital

-Key Concepts & Practices

Abosede Olayeni

Head of Finance - Capital & Strategy, EPUT.

Session C1 and D3

Objectives

- What is Capital Accounting?
- Key Principles of Capital Accounting
- Capital vs. Revenue Expenditure
- Sources of Capital Funding in the NHS
- The NHS Capital Accounting Process
- Challenges in NHS Capital Accounting
- Conclusion & Key Takeaways

What is Capital Accounting?

- Capital Accounting refers to how capital assets are recorded, managed, and reported.
- Ensures financial sustainability and compliance with government regulations.
- Covers both tangible assets or intangible assets.

Tangible assets are Physical assets that can be touched and measured, such as:

- Land, Buildings; Dwellings
- Transport equipment
- Equipment, Plant and Machinery
- Information technology
- Furniture and Fittings

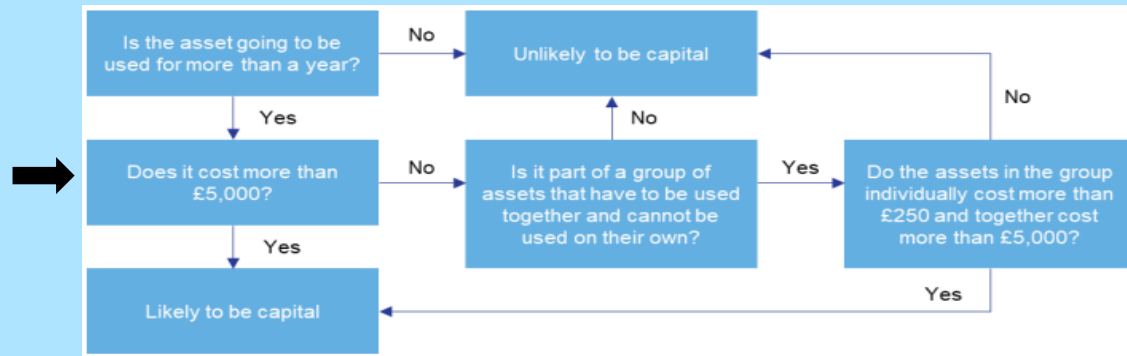
Intangible assets are non-physical assets that have value, such as:

- Software licences - that run for more than a year.
- Information technology - internally developed or bespoke software
- Patents and Trademarks

Key Principles of Capital Accounting

- Capital Expenditure Threshold: An asset must cost over £5,000 per item or group to be classified as capital.
- Depreciation: Assets lose value over time and must be accounted for in accordance with their economic useful life.
- Impairments & Revaluations: Adjustments are made when assets decrease or increase in value.
- Regulatory Compliance: NHS follows the DHSC Group Accounting Manual and International Financial Reporting Standards (IFRS).

- Test



Capital vs. Revenue Expenditure

- Capital expenditure includes investment in long-term assets such as new buildings, major refurbishments, medical equipment, and IT systems.
- Revenue expenditure covers daily operational costs, including staff salaries, maintenance, utilities, medical supplies, consumables, minor IT purchases, short-term software subscriptions.
- Why It Matters: Impacts budgeting, financial reporting, and decision-making.

Sources of Capital Funding in the NHS

- Department of Health and Social Care (DHSC) Capital Allocations provide the main funding source.
- NHS England allocate funding for local and regional projects (PDC).
- Private Finance Initiatives (PFIs) & Public-Private Partnerships (PPPs) could be use to fund major infrastructure projects.
- Charitable Donations & Other Funding Sources supplement capital investments.

Capital Accounting Process in the NHS

- Identify Capital Expenditure: Determine if a purchase meets capital criteria.
- Record in Financial Statements: Add the asset to NHS financial reports.
- Apply Depreciation & Revaluation: Adjust asset values over time.
- Ensure Compliance & Reporting: Follow financial regulations.

Challenges in NHS Capital Accounting

- Limited Funding vs. Increasing Demand: NHS infrastructure needs often exceed available budgets.
- Aging Assets & Maintenance Costs: Many hospitals and facilities require urgent upgrades.
- Complexity of Compliance & Reporting: Financial regulations require detailed and accurate reporting.
- Impact of Depreciation & Impairments: Asset values fluctuate, affecting financial planning.
- Revenue Impact of Capitalisation: Includes capital charges, ongoing running costs, and their effect on financial performance.

Conclusion & Key Takeaways

- Capital Accounting ensures responsible financial management.
- Capital and revenue expenditure must be correctly classified.
- Funding sources and regulations shape decision-making.
- Challenges require strategic planning and efficient resource allocation.

Faster Reporting – Adding Value for Budget Holders

**Lee Brill – Deputy Finance Manager, ESNEFT,
Women's and Children's Division.**

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Faster Reporting – What is the art of possible and see it as an opportunity

What we do now

Day 4 month end close

- We currently close the ledger on close of play on day 4 of the month
- Reporting Nationally day 5
- Budget statements sent out day 5
- CDG reports available for publication day 5

Staggered Plan

Day 2 month end close

- Plan to improve the process by 2 days
- Reporting nationally at day 3
- Budget statements send out day 3
- CDG reports available for publication day 3

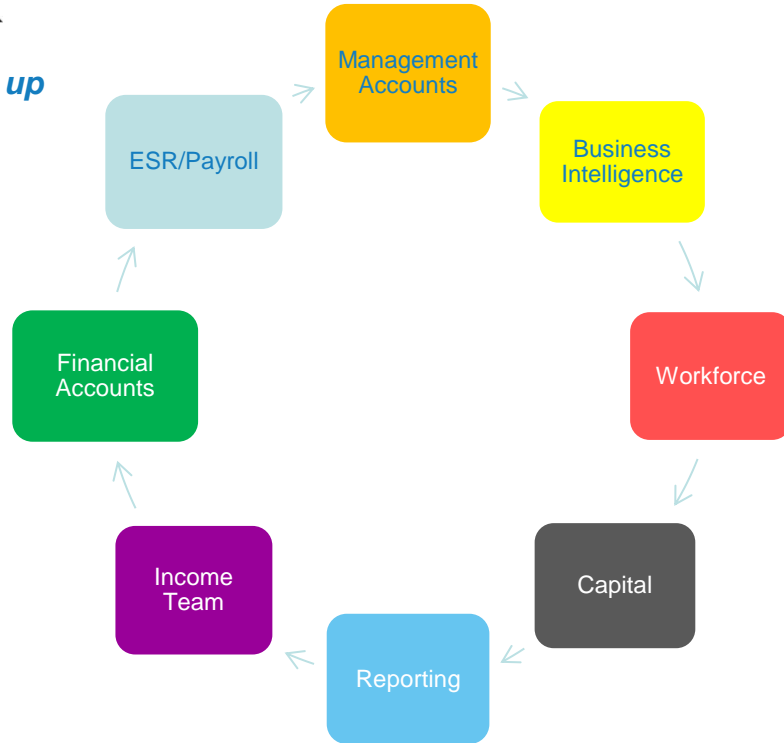
Current plan

Day -1 month end close

- Close the ledger 5 days earlier than current timetable
- Intention to skip the staggered plan and go direct to 1 day close late 2025
- National reporting on day 1
- Budget statements out day 1
- CDG reports available for publication day 1

How can we achieve?

*Taskforce meetings set up
fortnightly*



All key stakeholders meet to iron out issues and work together so nothing is missed.

Ideas Discussed

- Understanding all we do then breaking down the barriers
- Bring forward external reports and data required from Budget holders
- Revisiting procedure notes
- Innovating reports/procedures having more eyes on each task
- Challenging streamlining
- Pool task deep dive
- Fixing items at source
- Weekly pay runs going into monthly
- Bringing payroll in-house
- Non pay brought forward with accruals completed for last few days of month (tidied after month end)
- Automated pay sheets

Automated Paysheets

Operational Financial Management

What is Automated

Staff Changes

The paysheets will automatically update for changes in staff.

Reference Tables

The lookup tables once established are only available for admins to update. This includes salary scales which allow pay uplifts to be done centrally.

Position Changes

The WTE Budget is held at position level, either bucket or position per post. The system will not automatically change any WTE budget.

Automated **daily** updates for:

- Leavers
- Joiners
- Change in Hours
- Change in Pension
- Change in Increments
- Change in Names

Automated changes:

- Centralised Pay Uplifts
- Centralised Acuity Uplifts

Management Accounts will need to continue to update for changes to the WTE Establishment.

Central journal of ALL ID related changes entered monthly centrally

Central Journal of All Changes entered as required.

Central journal of budget changes entered monthly centrally

Go live and assurances

When and how

- We are currently in data validation stage but plan to have all uploaded to SQL in the next few months,
- SQL driven by ESR & position numbers
- All budget changes driven by budget holders change forms
- Recruitment starters/leavers - nothing missed as normally element of risk change form not completed by budget holders
- Finance remain in control of the data and the process.

Benefits and Value added

Benefits

- Will save an estimated 1 week work for Management Accountants and Assistant Management Accountant's (approx. 25 staff)
- We currently use manual excel sheets which are very heavy formula driven and have approx. 40 spreadsheet's/pay sheets across the trust
- Frees up time to bring forward non-pay

Value

- All data will be more consistent accurate and Timely
- Management Accountants and Assistant management Accountants to meet with majority budget holders monthly with added capacity of automation of the above.
- Vacancy reporting will be live daily and feed into workforce planning