

# **NHS Scotland – Cost Book Reconciliation to Annual Accounts**

## **INTRODUCTION TO SFR 29.0 – ANNUAL ACCOUNTS RECONCILIATION**

The quantum of costs included in the Cost Book should reconcile to Expenditure and Income reported in the Statement of Comprehensive Net Expenditure (SOCNE) from the Annual Accounts. Net Operating Costs (Annual Accounts) is the net costs from which the Cost Book is reconciled; net costs from both systems will be different, and this section will present a methodology to measure the costs from Cost Book and identify reconciling exclusions from Annual Accounts' Notes.

<div style="text-align: right;"><b>SFR 29.0</b></div> <div style="text-align: center;"> <b>NHS Board</b>  <b>Annual Accounts Reconciliation</b>  <b>FOR THE YEAR ENDED 31 MARCH 2011</b> </div>				
<b>Annual Accounts Net Operating Costs</b>	<b>Line</b>	<b>Expenditure £</b>	<b>Income £</b>	<b>Net Costs £</b>
Hospital & Community	110			
Family Health	120			
Administration Costs	130			
Other Non Clinical Services	140			
	150			
<b>Net Operating Costs</b>	<b>160</b>			
<b>Cost Book Expenditure</b>				
SFR 5.2	210			
SFR 8.2	220			
SFR 8.4	230			
SFR 24	240			
SFR 27 – Line 150	250			
Treatment Outside Board Area	260			
Income offset SFR 5.2 / 8.2	265	<b>NEW</b>		
NSD Income	270	<b>NEW</b>		
	275			
<b>Total Cost Book Expenditure</b>	<b>280</b>			
<b>Exclusions From Cost Book</b>				
Exclusions Note 4 - Other	300			
Exclusions Note 5	310			
Exclusions Note 6	320			
Exclusions Note 7	330			
	340			
<b>Total Exclusions</b>	<b>350</b>			
<b>Reconciliation Operating Costs</b>	<b>370</b>			

## RECONCILIATION TO ANNUAL ACCOUNTS (cont.)

### COMPLETION OF SFR 29.0

<i>Line Number</i>	<i>Details</i>
	<b>Annual Accounts Net Operating Costs</b> Lines 110 to 160 present information from Annual Accounts Statement of Comprehensive Net Expenditure (SOCNE)
110	<b>Hospital &amp; Community</b> <ul style="list-style-type: none"> <li>To include Hospital &amp; Community Expenditure – Note 4 – from SOCNE</li> <li>Hospital &amp; Community Income – Note 8 – from SOCNE</li> </ul>
120	<b>Family Health</b> <ul style="list-style-type: none"> <li>To include Family Health Expenditure – Note 5 – from SOCNE</li> <li>Family Health Income – Note 8 – from SOCNE</li> </ul>
130	<b>Administration</b> <ul style="list-style-type: none"> <li>To include Administration Expenditure – Note 6 – from SOCNE</li> <li>Administration Income – Note 8 – from SOCNE</li> </ul>
140	<b>Other Non Clinical</b> <ul style="list-style-type: none"> <li>To include Other Non-Clinical Expenditure – Note 7 – from SOCNE</li> <li>Other Operating Income – Note 8 – from SOCNE</li> </ul>
160	<b>Net Operating Costs</b> For all columns – Expenditure, Income, Net Costs – this is the sum of Line Numbers 110, 120, 130, and 140
	<b>Cost Book Expenditure</b> Lines 210 to 250 record the totals, for each Health Board for Cost Book forms – SFR 5.2, 8.2, 8.4, 24, and SFR 27s – Line 150 – if not entered elsewhere. Line 260 presents expenditure and income for “Treatment Outside Board Area” – see below.
210	<b>Cost Book Expenditure – SFR 5.2 Hospital Running Costs</b> For each Health Board, this is the sum of all SFR 5.2 forms from Line 680. Expenditure and Income should be identified separately. This is linked from the totals of SFR 29.0A, Line 200.
220	<b>Cost Book Expenditure – SFR 8.2 Community</b> For each Health Board, this is the sum of all SFR 8.2 forms from Line 980. Expenditure and Income should be identified separately.
230	<b>Cost Book Expenditure – SFR 8.4 Family Health Services</b> For each Health Board, this is the sum of all SFR 8.4 forms from Line 340.
240	<b>Cost Book Expenditure – SFR 24</b> For each Health Board, this is SFR 24 form from Line 510. Expenditure and Income should be identified separately.
250	<b>Cost Book Expenditure – SFR 27s – Line 150 Income other</b> For each Health Board, this is the sum of all SFR 27.1 to SFR 27.7 forms from line 150. This only applies if Line 150 is not included elsewhere.
260	<b>Treatment Outside Board Area</b> Although this expenditure and income is not specifically recorded in Cost Book SFRs, this is the entries, in part, from Notes 4 and 8 – Hospital & Community - which is included in SFR13. Not all of SFR 13 is reported here; the expenditure should be – “Other NHS Scotland Bodies”; “Health Bodies outside Scotland”; and “Primary Care Bodies”; the Income element should be from Service Level Agreements from other Scottish Boards and English Health Authorities.

<b>Line Number</b>	<b>Details</b>
265	<b>Income offset SFR 5.2/ 8.2</b> This is the Income from SFR 5.2/ 8.2 included in Expenditure lines. For example catering Income from line 330. Expenditure should be equal to Income for line 265.
270	<b>NSD Income</b>
280	<b>Total Cost Book Expenditure</b> For all columns – Expenditure, Income, Net Costs – this is the sum of Line Numbers 210, 220, 230, 240, 250, 260, 265 and 270.
	<b>Exclusions from Cost Book</b> Lines 300 to 350 present exclusions from Annual Accounts' Notes which are reconciling items to Cost Book forms represented at Lines 210 to 260. Rows 300 to 350 are linked from SFR 29.0B
300	<b>Exclusion Note 4 – Other</b> This is the part from Note 4 – Hospital & Community - which is excluded from SFRs, Lines 210 to 260, and not included in SFR 13. See Table below for explanation of Links From Annual Accounts to Cost Book SFRs.
310	<b>Exclusion Note 5 – Family Health</b> There should probably not be any expenditure exclusions; there may, however, be Income exclusions – Income at Line 120 above from the OCS.
320	<b>Exclusion Note 6 – Administration</b> Identify expenditure and Income not included in SFRs at Lines 210 to 260.
330	<b>Exclusion Note 7 – Other Non Clinical Services</b> Identify expenditure and Income not included in SFRs at Lines 210 to 260.
350	<b>Total Exclusions</b> For all columns – Expenditure, Income, Net Costs – this is the sum of Line Numbers 300,310, 320, and 330.
370	<b>Reconciliation Operating Costs</b> The sum of Lines 280 and 350. For all columns should be equal to line 160 Net Operating Costs

## Suggested Links from Annual Accounts' Notes to SFR Forms

The following Table gives suggested links from Cost Book SFRs to Annual Accounts' Notes.

<i>Cost Book Form/ Exclusion</i>	<i>SFR XXX Line Number</i>	<i>Annual Accounts Note</i>	<i>Annual Accounts Note Line Description</i>
SFR 5.2	210	Note 4	Treatment in Board area of NHS Scotland Patients
SFR 8.2	220		Treatment of UK residents based outside Scotland
		Note 6	All Lines – allowing for exclusions Line 320
		Note 7	All Lines – allowing for exclusions Line 330
SFR 8.4	230	Note 5	Expenditure from Note 5
SFR 24	240	Note 4	Private sector
			Support Finance
			Resource Transfer
			Contributions to Voluntary Bodies and Charities
Treatment Outside Board Area	260	Note 4	Other NHS Scotland Bodies
			Health Bodies Outside Scotland
			Primary Care bodies
			Income from SLAs
Exclusions Note 4 – Other	300	Note 4	No Whole episodes of Care from SFR 24 – See Line 240 above. See below and worked example.
Exclusions Note 5	310		Should be only Income
Exclusions Note 6	320		See Below SFR 29.0b
Exclusions Note 7	330		See Below SFR 29.0b

There are a number of items which should be excluded – refer to a new report - Statement of Comprehensive Net Expenditure and Summary of Resource. The items are:-

- Capital Grants (to) / from Public Bodies
- Annually Managed Expenditure (Impairments)

Also excluded should be depreciation in relation to PFI contracts now reported under IFRS rules.

## Treatment of Specific Costs

**Distinction Awards** expenditure should be included in SFR 5.2 and SFR 8.2.

**ACT and PGME Income** should be included in SFR 5.2 and SFR 8.2.

**CNORIS** should be included in SFR 5.2 and SFR 8.2 – include both expenditure and Income. Identified as Contributions in respect of Clinical/medical negligence claims from Note 8 – Income; and Compensation Payments from Note 7.

**RTA Income** should be included in SFR 5.2 as an offset.

**Trade/ Research/ Third Party Recharges** should be treated consistently. Some boards have included both Income and expenditure within SFR 5.2 and 8.2; others have treated as exclusions. Should be consistent with previous years, but both income and expenditure should be offset wherever it is recorded.

**Research Departments** should be excluded from SFRs – only the net difference between Income and expenditure, which is deemed the administrative cost for research departments.

**Golden Jubilee Expenditure** if expenditure is identified, it should be treated as “Treatment Outside Board Area”, and entered at Line 260.

**Nurse Teaching** should be included in SFR 5.2/ SFR 8.2. - *this cannot be excluded.*

**Third Party Recharges/ Secondments** – Income & expenditure SHOULD BE EQUAL

**Trade** - Income & expenditure SHOULD BE EQUAL – excess charged to SFR 5.2/ 8.2

**Council delayed discharge funds/ change funds** should be included SFR 24

**Note 8 income not taken to SFR 5/8** – might be SLA which should be on Line 260 of SFR 29.0 – *this cannot be excluded.*

**Shared services** - *this cannot be excluded.*

**GP Out of Hours income** should be offset in SFR 8.2/8.3

**Private/ overseas income & Road Traffic Act** - *this cannot be excluded.*

**First Time Stock Takes/ AFC Accruals** - *this cannot be excluded.*

**Partnership funding** - *this cannot be excluded.*

**Other HCHS/ Other Healthcare expenditure** - *this cannot be excluded.*

**Other Board Services** - *this cannot be excluded.*

**NSD Income** should be included in SFR 29.0 line 270

**IVF/ Hyperbaric/NOSCAN Expenditure** - *this cannot be excluded.*

**Miscellaneous Primary Care Expenditure/ Other FHS Expenditure** - *this cannot be excluded.*

**Prior Year Credits** - *this cannot be excluded.*

**VAT Income** - *this cannot be excluded.*

**Medical Education** should be included in SFR 5.2/ SFR 8.2/3.

## INTRODUCTION TO SFR 29.0a – ANNUAL ACCOUNTS RECONCILIATION

SFR 29.0a records the Net Costs for each SFR 5.2. Expenditure should be the sum of line 640 (Pays and Supplies); Income is the sum of lines 655 and 660. Net should equal line 680.

					SFR 29.0a
NHS Board					
RECONCILIATION TO STATEMENT OF COMPREHENSIVE NET EXPENDITURE PER THE FINAL ACCOUNTS					
FOR THE YEAR ENDED 31 MARCH 2011					
Net Costs for each SFR 5.2					
Line	Net HRC Line 680	Hospital Name	£000s Expenditure	£000s Income	£000s Net
100	Net HRC – Line 680	Hospital1			
101	Net HRC – Line 680	Hospital2			
102	Net HRC – Line 680	Hospital3			
103	Net HRC – Line 680	Hospital4			
104	Net HRC – Line 680	Hospital5			
105	Net HRC – Line 680	Hospital6			
106	Net HRC – Line 680	Hospital7			
107	Net HRC – Line 680	Hospital8			
108	Net HRC – Line 680	Hospital9			
109	Net HRC – Line 680	Hospital10			
110	Net HRC – Line 680	Hospital11			
111	Net HRC – Line 680	Hospital12			
112	Net HRC – Line 680	Hospital13			
113	Net HRC – Line 680	Hospital14			
114	Net HRC – Line 680	Hospital15			
115	Net HRC – Line 680	Hospital16			
116	Net HRC – Line 680	Hospital17			
117	Net HRC – Line 680	Hospital18			
118	Net HRC – Line 680	Hospital19			
119	Net HRC – Line 680	Hospital20			
120	Net HRC – Line 680	Hospital21			
.....					
.....					
131	Net HRC – Line 680	Hospital31			
132	Net HRC – Line 680	Hospital32			
133	Net HRC – Line 680	Hospital33			
134	Net HRC – Line 680	Hospital34			
135	Net HRC – Line 680	Hospital35			
136	Net HRC – Line 680	Hospital36			
137	Net HRC – Line 680	Hospital37			
138	Net HRC – Line 680	Hospital38			
139	Net HRC – Line 680	Hospital39			
140	Net HRC – Line 680	Hospital40			
200	Net Hospital Running Costs				

## INTRODUCTION TO SFR 29.0b – ANNUAL ACCOUNTS RECONCILIATION

SFR 20.b records exclusions from Annual Accounts Notes 4-7 and Note 8 – Income. Treatment Outside Board Area – Line 260 is treated, for this reconciliation, not as exclusion, but as part of Cost Book Expenditure and identified separately.

SFR 29.0b				
NHS Board				
RECONCILIATION TO STATEMENT OF COMPREHENSIVE NET EXPENDITURE PER THE FINAL ACCOUNTS				
FOR THE YEAR ENDED 31 MARCH 2011				
Exclusions from Cost Book SFR Forms				
Line	Note 4 Exclusions	£000s Expenditure	£000s Income	£000s Net
100				
110				
.....				
.....				
280				
290	Total Note 4 Exclusions			
Line	Note 5 Exclusions	£000s Expenditure	£000s Income	£000s Net
300				
310				
320				
330				
390	Total Note 5 Exclusions			
Line	Note 6 Exclusions	£000s Expenditure	£000s Income	£000s Net
400				
.....				
.....				
450				
490	Total Note 6 Exclusions			
Line	Note 7 Exclusions	£000s Expenditure	£000s Income	£000s Net
400				
510				
.....				
.....				
660				
690	Total Note 7 Exclusions			
700	Total Exclusions			



## **COMPLETION OF SFR 29.0b**

### **Note 4 Exclusions**

The major exclusions from Note 4 are:-

Accelerated Depreciation  
Annually Managed Expenditure/ (Write Downs)  
Capital Grants

### **Note 5 Exclusions**

The only exclusion should be Family Health Income.

### **Note 6 Exclusions**

If there are any, please specify detail.

### **Note 7 Exclusions**

Some examples are:-

Closed Hospital Costs  
New Hospital Costs  
Loss/ Gain on Sale  
Patient Travel  
Research Income & expenditure