



England

Supporting Success

NHS England Finance Information Event (Roadshow follow-on)

Monday 2nd March 2026

Presented by:

Vicky Gaulter - Director of Financial Control

Event starts at 13:30

Agenda



1. ISFE 2 context
2. 2025/26:
 - Month 9 feedback
 - Agreement of balances
 - Year end
3. Other accounts and taxation updates
4. Forthcoming changes on PPE
5. Cash and transacting
6. Annual reports
7. Questions

ISFE2 update



ISFE2 update

- Following go-live in October, work continues to address remaining issues and provide ongoing support for business as usual processes
- The immediate key resource focus is to deliver the ICB mergers which will take effect from 1 April 2026. There are 6 merger groupings. This will result in the 12 merging ICBs reducing in number to 6 new ICBs
- Queries on ISFE 2: england.isfe2readiness@nhs.net

2025/26

- Month 9
- Agreement of balances
- Year end considerations

National accounts: managing risks

Risk: regularity

Compliance with payments approvals regime

2024/25

A

2025/26

A

Risk: timeliness of national accounts

Timely appointment of local external auditors

G

A

G

Capacity of local audit firms: including setting timetable, liaising on issues, each firm managing their issues, impact of other sectors

A

A

Impact of accounting and reporting changes

A

G

Local delayed accounts and managing issues to resolution

A

A

Impact of delayed local government pensions assurance for some providers

G

A

G

A

Impact of ISA 600 (revised auditing standard for group audits)

A

R

A

Impact of ISFE 2 implementation

A

Impact of changes to ICBs and NHS England

A

R

Month 9 feedback

Provider income classification (by nature)

Patient care income recorded as 'other clinical income' at M9 already exceeds 24/25 full year despite limited change to contracting rules. Ensure non-recurrent income from ICBs (e.g funded by DSF) is correctly classified as API fixed.

Provider responses to Justify or Change checks (JoCs)

Increase in 'explanations' provided just to clear the flag, in some cases obviously factually incorrect – increasing the volume of adjustments required to correct errors.

SoCF / Note 28.3 Lease liability movements

Some providers are failing to split lease cash flows between interest and principal.

ICB manual adjustments

ICBs must not amend the trial balance for manual adjustments. These should be processed separately.

NHSE group mapping issues

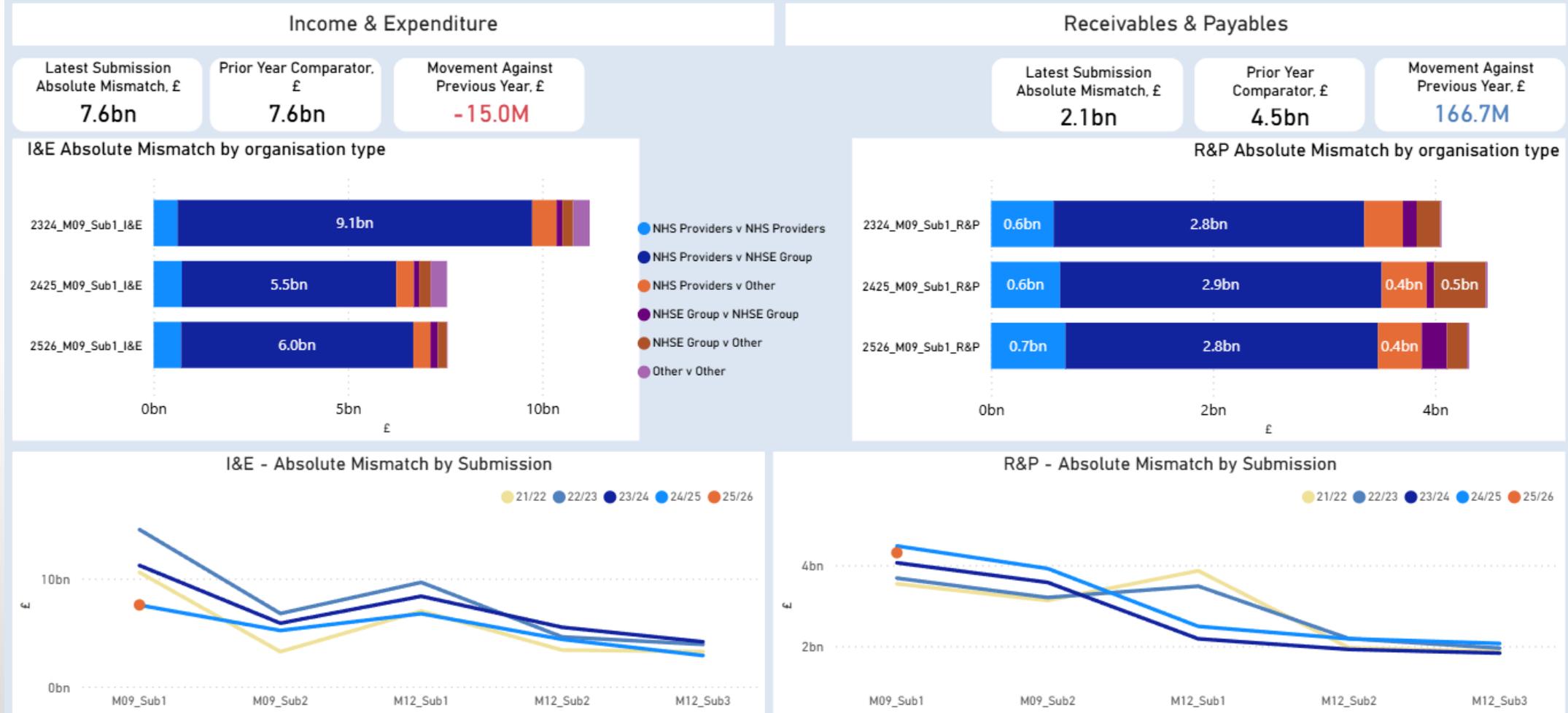
A number of entities raised issues around mappings for payroll costs. We will be looking at this and making necessary adjustments for month 12

Agreement of balances: month 9

DHSC Group Mismatch as at 25/26 M9 1st submissions: ('Absolute' mismatches = total of all mismatches (in either "direction"))

I&E provider v NHSE Group orgs worse than last year

R&P improvement on last year



Agreement of balances: 2025/26 year end

- Submission dates (ICBs/NHSE at 9am, Providers at Noon)
 - Monday 27 April 2026
 - Monday 11 May 2026
 - Friday 19 June 2026 for ICBs/Regions/NHSE Centre; Friday 26 June 2026 for providers
- Detailed timetable issued:
 - Providers – see financial accounting webpage,
 - Commissioners – see Finance Guidance Library on SharePoint
- Thresholds
 - Issue of statements - R&P > £2.5k, I&E > £2m
 - Agreement – DHSC to provide in AoB Newsletter
- Non-contracted Activity (NCAs)
 - Group bodies should have minimal balances against NCAs (Balances against NCA are automatic mismatch as no counterparty)
- Previously announced exercise to centralise agreement of balances engagement within NHS England is no longer proceeding given forthcoming reorganisation of DHSC / NHS England.

2025/26 year end timetable

- The NHS timetable was agreed with DHSC following discussion with the local audit community

Draft accounts	27 April 2026
Audited accounts - ICBs	19 June 2026
Audited accounts - providers	26 June 2026

For providers:

- 27 April – draft remuneration report and working papers given to auditors alongside draft accounts
- 6 May – remainder of draft annual report and working papers given to auditors

Subject to local agreement

For ISFE users, key ledger dates:

- M12 close – 16 April 2026
- M13/Draft accounts close – 22 April 2026
- M13/Audit adjustment period – 10-15 June 2026

Chart of accounts change freeze:

- Close: 13 March 2026
- Reopen: 16 June 2026

Matters for 2025/26 year end

ICBs:

- Year end approach – not using FCC
- Review ledger properly and in advance of M12 – needs to be a much lower level of manual adjustments than M9

Contracting:

- Revenue contracts must be in place between providers and ICBs/NHSE – and updated for variations
- Ensure sufficient documentation for judgements or estimates in income and expenditure recognition

IFRS 17 completeness documentation

DHSC GAM / FT ARM 2025/26 update:

- Removal of Trade Union Facility Time disclosures

Accounting for restructuring – liability is earlier of:

- For VR: when employee accepts offer or employer cannot withdraw offer
- For employer-led: ‘termination plan’ features (language in standard) – IAS 19 para 167
- If don’t meet the above: consider IAS 37 for restructuring (para 71 onwards)

Providers – new ‘PFMS’ Portals

Providers – updated wording for TAC consistency statement (signed by Trust)

Updates and contacts

- Updates to guidance at year end will be posted on
 - ICBs: Finance Guidance Library on SharePoint - https://nhs.sharepoint.com/sites/X24_FGL/
 - Financial accounting webpage for providers - <https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/>
- Year-end queries should be directed as follows
 - ICBs – england.yearendaccounts@nhs.net
 - Providers (accounts and TAC schedules) – england.provider.accounts@nhs.net
 - Providers (monitoring sections of PFR form and financial performance) – england.financial.reporting@nhs.net
 - Providers (capital) - england.capitalcashqueries@nhs.net

Other accounts and taxation updates

Regularity

All special severance payments require approval

All other special payments require approval if either (a) above £95,000, or (b) could be considered novel, contentious or repercussive

If in doubt: consult.

Key issues emerging

Knowledge by local HR Directors / Chief People Officers

Commissioning legal advice (VFM matter not regularity)

Linked payments at time of departure

Application of principles to subsidiaries

Non-cash 'special payments'



Timely audit appointment

- Think about market dynamics
- Statutory deadline for NHS trusts and ICBs to have appointed 2026/27 auditor by 31 December 2025. **FTs would be wise to do this too.**
- Don't assume contract extensions – get them locked in. Before the preceding year audit completes.
- The only exception: issues delaying previous audit(s)
- When procuring – are you an attractive client? Understand audit? Do you act on findings / ISA 260 report to audit committee / auditor's annual report recommendations?



Tax update

Contracted out services reform

- HMT and HMRC continue to work on a full refund model under s41 of the VAT Act which would extend VAT recovery to all goods and services for non-business activity.
- NHS data from the autumn 2025 data collection has been shared with HMT – thank you again for your help with submitting data.
- The implementation date for reform has not been determined by HMT.
- Making Tax Digital has been deferred again to April 2027 as likely to align with this work.



Tax update

Northumbria Car Parking case

- The Supreme Court decision was handed down on 29 October 2025.
- The judgement allowed HMRC's appeal and ruled that Northumbria cannot recover output tax paid to HMRC for the supply of car parking.
- NHS bodies must therefore charge VAT on a supply of car parking.
- NHS providers that had submitted claims for recovery output VAT (based on the earlier Court of Appeal decision that was in favour of Northumbria) and claimed that cash will now have to repay those sums.

Tax update

Isle of Wight NHS Trust v HMRC

- Isle of Wight NHS Trust successfully appealed against an HMRC decision that locum doctor supplies via agencies were not VAT exempt.
- HMRC are not going to appeal the decision.
- HMRC have since published a policy paper brief [VAT liability of the supply of temporary medical staff - GOV.UK](#) updating the VAT treatment of the supply of temporary medical staff.
- The brief contains guidance for anyone who may want to claim a refund of overpaid output VAT. It is important to note that it is the supplier (the agency) who would reclaim the overcharged VAT.



Tax update

COS heading 14 – Computer services supplied to the specification of the recipient

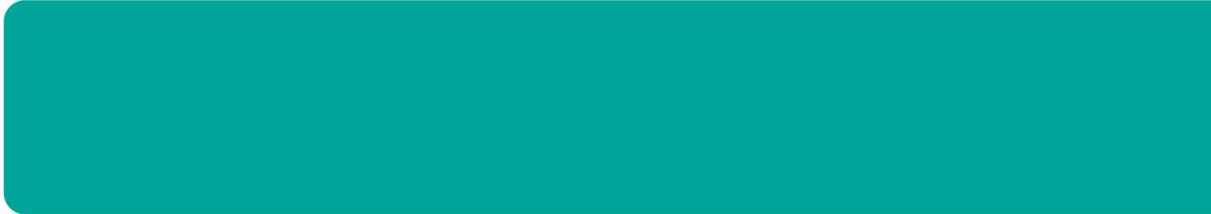
- This guidance was updated on 11 November 2025 [VATGPB10010 - Government departments and health authorities: Contracted Out Services \(COS\) Headings: COS Heading 14 - Computer services supplied to the specification of the recipient - HMRC internal manual - GOV.UK](#)
- The intended general scope of the heading has not changed and does not represent a change in policy but is intended to provide more clarity on how HMRC apply the heading to current technology procurement practices.
- A new page has been added to provide more information on how HMRC view software products and licences eg Microsoft 365.



Tax update

Strengthening tax compliance across the DHSC group

- Joint initiative between HMRC, DHSC and NHS England to strengthen tax compliance across the DHSC group.
- Letter was issued to CFOs providing more detail on this initiative in October.
- Initiative with HMRC is centred on identifying the root causes of any tax non-compliance and promoting behavioural change to improve accuracy and accountability.
- DHSC now reviewing responses to the survey contained in the letter to CFOs before determining next steps.



Forthcoming changes on PPE

Ian Ratcliffe

Deputy Director of Financial Accounting





Forthcoming changes to PPE measurement

Contained in 2026/27 GAM consultation

2026/27:

- confirms land considered integral to operational capacity property assets so valued on consistent basis (DRC MEA)
- adopts formal valuation cycle changes from 1 April 2026:
 - a quinquennial valuation supplemented by annual indexation and no interim professional valuation
 - a rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years
 - for non-property assets only, appropriate indices
- states clearly that out-of-cycle revaluations are not required unless there is an indication of impairment
- revaluations carried out before 2026/27 continue to be valid

2028/29:

- 'Alternative site' option within MEA is removed from 1 April 2028

Forthcoming changes to PPE measurement

Changes from 2026/27

GAM consultation document: DHSC and NHS England are exploring making relevant indices available for 2026/27 onwards

Treatment of additions / enhancements

No change to option to use depreciated historical cost as proxy for current value in existing use for short life / low value assets

No 'alternative site' from 2028/29

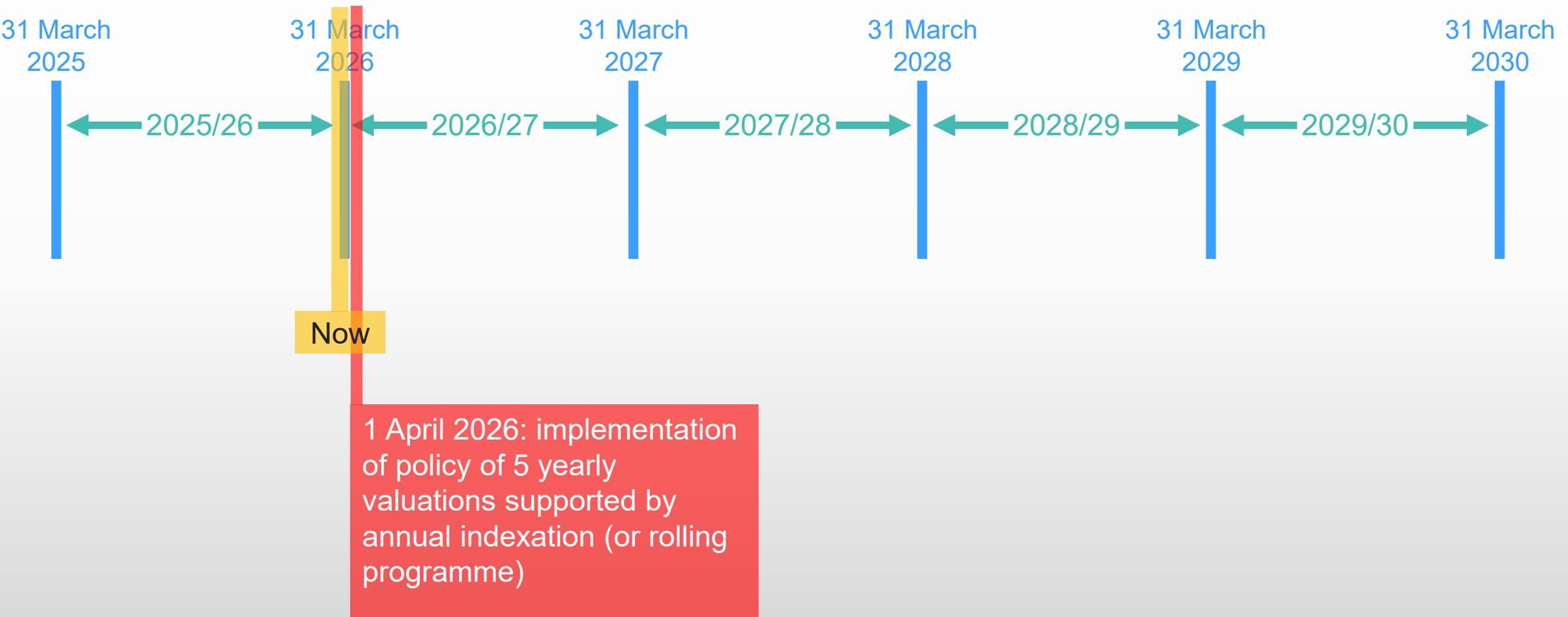
Still MEA

Not expecting to mandate additional disclosures before 2028/29

Differs from expected transitional approach in HMT FReM

IAS 1 impact of changes disclosure

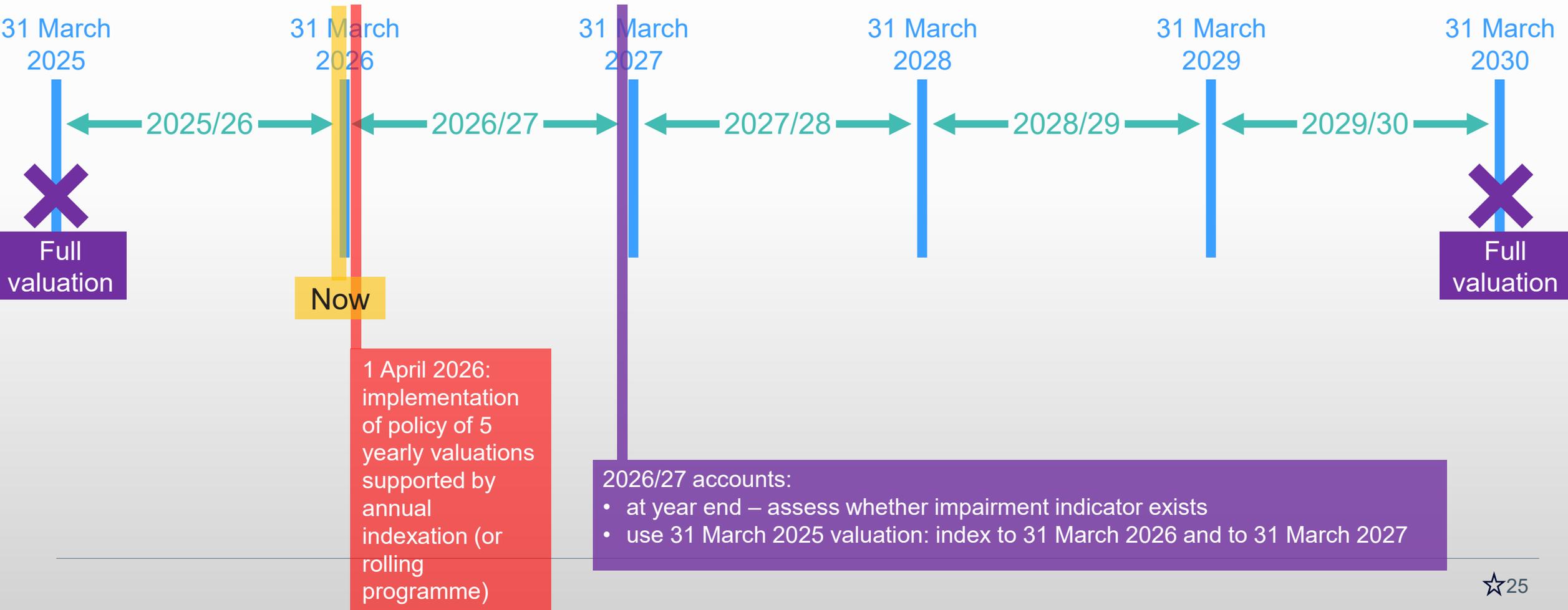
Forthcoming changes to PPE measurement



Forthcoming changes to PPE measurement

Provider without alternative site: example 1

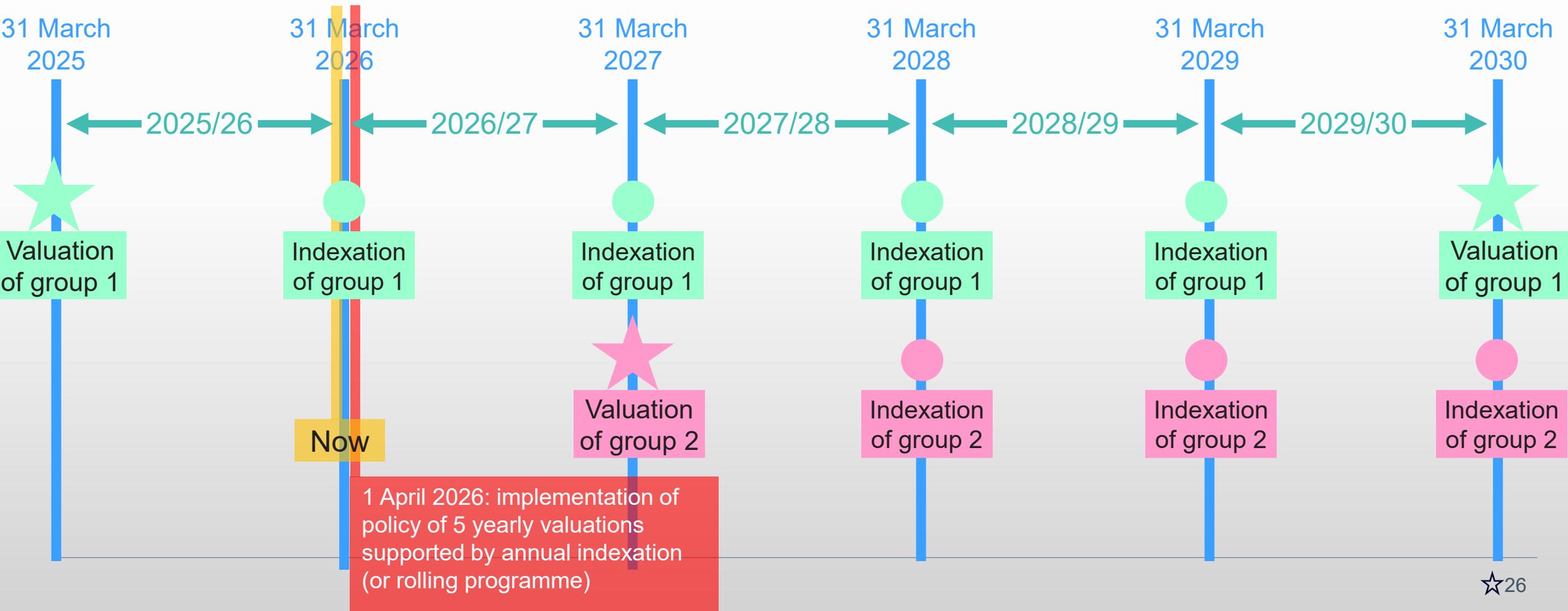
Full valuation 31 March 2025; does all property assets every 5 years (not rolling programme)



Forthcoming changes to PPE measurement

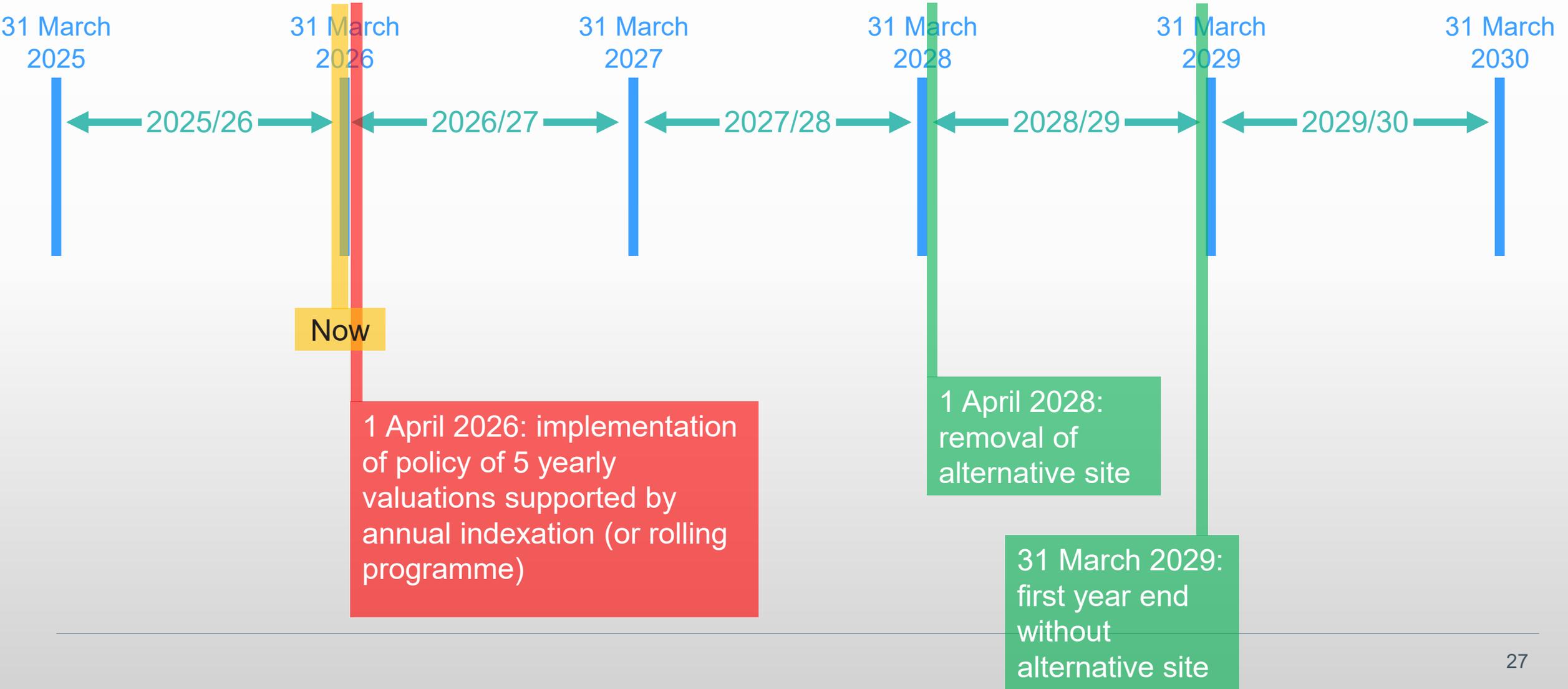
Provider without alternative site: example 2

A 'rolling programme' – with valuations spread over two year ends



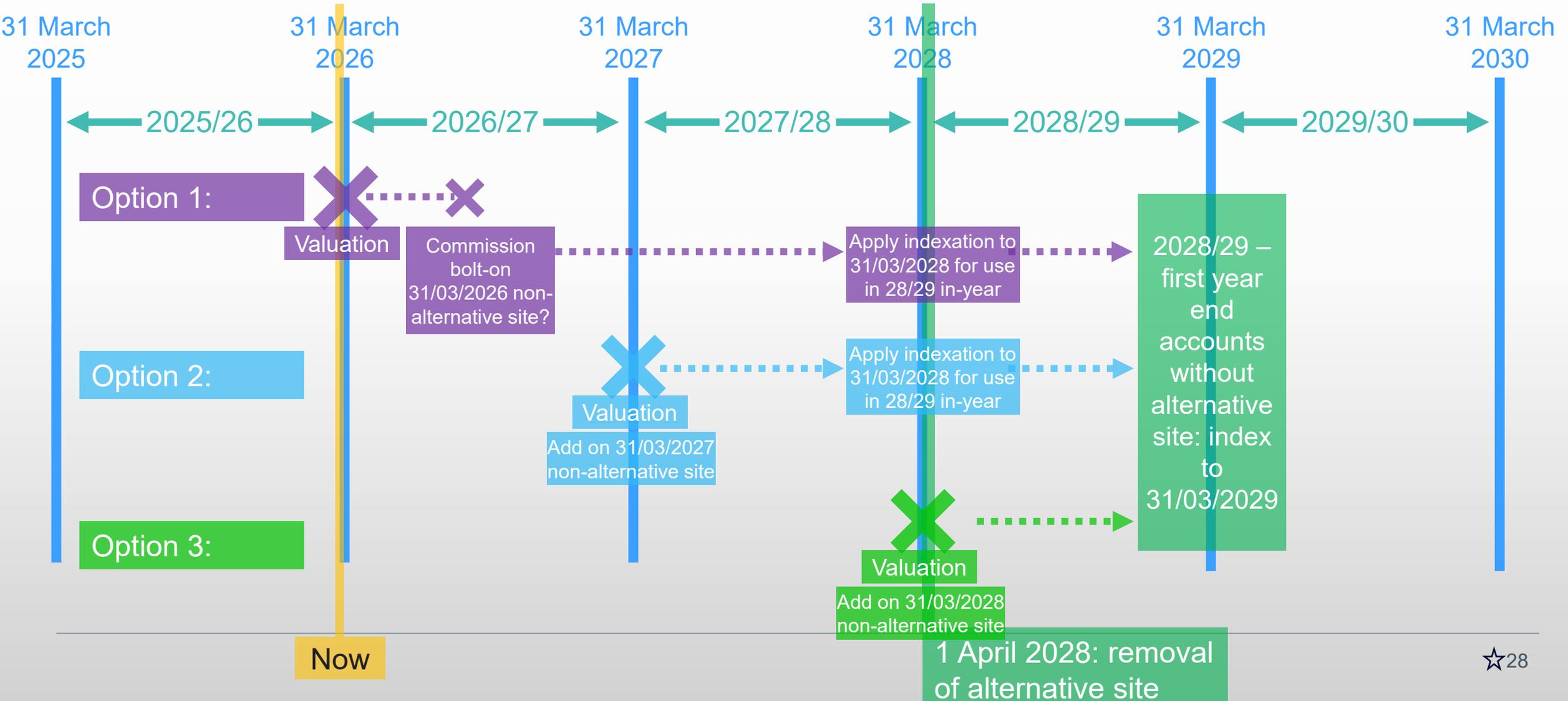
Forthcoming changes to PPE measurement

Providers currently using alternative site



Forthcoming changes to PPE measurement

Providers currently using alternative site



Forthcoming changes to PPE measurement

Mindset from 2026/27

HMT FReM 2026/27 table of standards (page 91):

The requirement to revalue an asset when its fair value differs materially from its carrying value has been withdrawn (IAS 16 para 34)

Think: what is a valuation

HMT FReM 2026/27 para 10.1.3: Entities should use the best index available to them when indexing their assets in-between full revaluations. In rare circumstances where an index is not available, entities shall revalue the given asset using a quinquennial revaluation supplemented by a desktop revaluation in year 3.

Our accounting policy

HMT FReM 2026/27 para 10.1.5: The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables ... Absolute precision is not expected, neither is it achievable.

Move away from any notion that having a valuation is the 'safe option'

Forthcoming changes to PPE measurement

So, what are we required to do?

HMT FReM 2026/27 para 10.4.7:

Undertaking a full revaluation should not be a default process to demonstrate there has not been a material impairment of an asset and comply with IAS 36. Rather, it should be the consideration of impairment triggers which determine whether the recoverable amount of an asset needs to be calculated and therefore whether a full revaluation is needed or not before the next revaluation. ... HM Treasury do not expect entities to undertake a full, professional revaluation of an asset to demonstrate there are no indicators of material impairment.

IAS 36 para 8:

An asset is impaired when its carrying amount exceeds its recoverable amount. Paragraphs 12–14 describe some indications that an impairment loss may have occurred. If any of those indications is present, an entity is required to make a formal estimate of recoverable amount. Except as described in paragraph 10, this Standard does not require an entity to make a formal estimate of recoverable amount if no indication of an impairment loss is present.

Forthcoming changes to PPE measurement

So, what are we required to do?

IAS 36 para 10 – things you do irrespective of whether there is an indication of impairment:

- (a) An intangible with indefinite useful life or an intangible under 'construction' – test for impairment annually
- (b) Test goodwill acquired in a business combination annually for impairment

IAS 36 para 9 - An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

IAS 36 para 12 – In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications: [selected examples]

- (b) Significant technological changes
- (e) evidence of obsolescence or physical damage
- (f) Changes such as asset becoming idle

IAS 36 para 13 - The list in paragraph 12 is not exhaustive. [HMT application guidance](#) offers commentary in appendix 1.

Reminder of IAS 36 para 8 - Except as described in paragraph 10, this Standard does not require an entity to make a formal estimate of recoverable amount if no indication of an impairment loss is present.

Forthcoming changes to PPE measurement

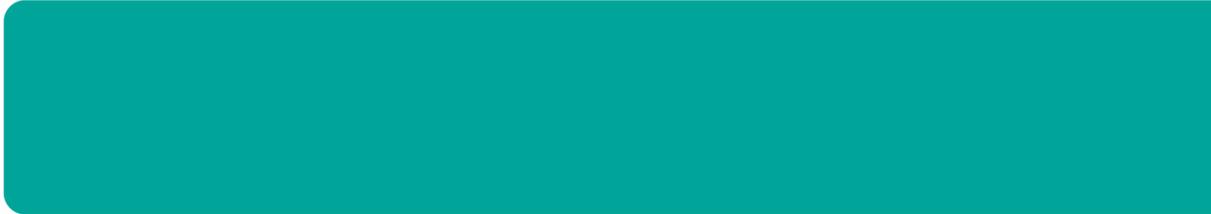
Summary key take aways

For everyone:

- What will your approach to valuation frequency be? Every 5 years? Rolling programme? When did you last have a valuation? Will you be carrying that forward and indexing? When will peaks of valuation activity fall for you?
- Ensure you are familiar the mindset change attached to this clear new policy
- Information to follow on provision of indices

For those currently using alternative site:

- Non-alternative site needed for 2028/29 accounts, but is needed from 1 April 2028 for in-year reporting.
- What's your plan for getting there? Think about most cost-efficient way to avoid excess spend on valuations.



Cash and Transacting

Richard Lawton

Deputy Director of Financial Systems and Services





Cash Regime 2025/26

- NHSE group currently forecasting to under-draw against NHSE Group cash limit, main driver being loss of non-recurrent deficit support funding for some NHS Providers
- Cash forecasting accuracy remains a key priority as DHSC firm up its own Group cash position
- Continued focus on resource forecast vs cash requirements to understand non-cash related items such as accruals.
- Continued cash pressures across ICBs and Providers with greater scrutiny on drivers for additional cash requirements.
- Please ensure liabilities are settled promptly, billing issues resolved with key partners such as local authorities, and debtors' collection activity is undertaken to avoid working capital pressures.
- Supplementary requests need to be minimised to ensure that the main drawdown request and related forecasts are accurate. Use of supplementary requests puts a significant strain on monthly DHSC drawdown process



Cash Regime 2025/26 – ICBs

- March Cashflow Forecast (CFF1) draw request submitted to DHSC, no material movement in cash requirements expected as DHSC monitor its group cash position for Year End
- ICB yearend cash reports distributed on 3 April 2026 (WD03). If applicable, the reports will reflect agreed Cash Drawdown Requirements (CDR) changes
- If group flexibility allows, opportunity for ICBs to draw cash via supplementary process on 09th March 2026 for allocations transacted at end of Feb 2026.



Cash Regime 2025/26 – ICBs

There will be the opportunity to request additional cash and return cash during March 2026 subject to availability within the NHS England cash limit and sign off.

- Supplementary request (for further drawdown or returning of cash) due 09 March 2026, to be transacted on 13 March 2026
- Additional Supplementary request 16 March 2026, to be transacted 20 March 2026
- **Additional** drawdown requests are not to materially over-shoot previously set Cash Drawdown Requirement, to allow greater flexibility in the system and make cash available where it is required. It is anticipated limited significant movement
- NHSE Regional review & approval (both regional and central) required.
- Closing cash at bank should be **no greater** than 1.25% of the main monthly drawdown for March 2026 detailed on the Cashflow Forecast form submitted on 13 February 2026
- For the avoidance of doubt the 1.25% **target** is based on the main monthly drawdown for March 2026 and will not change to reflect 1.25% of supplementary drawdowns or paybacks agreed in March 2026

Cash Regime 2025/26 – Provider

- There will be an overall reduction in the Provider total cash balance at the end of March 2026 compared to prior year and we are seeing more Providers requiring PDC revenue support
- Process has continued scrutiny on cost and cash controls, board approvals and submission of cashflow, CEO and Chair letter and accompanying narrative on drivers and mitigations
- 2026/27 Q1 Provider Revenue Support PDC Timetable

Activity/Deadline	Apr-26
Revenue Support PDC submission deadline for Providers	13/03/26
NHSE confirmation of outcome/issue of monthly Memorandum Of Understanding (MOU) by*	10/04/26
Providers sign monthly MOU/completion of monthly utilisation form by	14/04/26
Payment of Revenue Support PDC	20/04/26

- If Providers have any questions on accessing revenue cash support, they should contact england.nhsenglandcash.providerrevenuesupport@nhs.net

Commissioner to Provider Transacting 2026/27

- No changes are proposed to current processes for payments to providers.
- Monthly contractual payments will continue to be driven by contracts agreed during 2026/27 planning

1st of the month

- Main Draw Down to ICBs

15th of the month

- Contractual payments from ICBs/NHSE to Provider by Invoice Payment File (IPF)
- NHS Education Contract and Lead Employer Month by IPF in line with agreed profiles
- Avoid raising Invoices for payments which could be included in IPF process – this has risk of duplication



Annual reports





Annual reports: updates

- Trade union facilities time disclosures are no longer a reporting requirement from 2025/26.
- Reminder - signatures:
 - The annual report must be signed by the Accounting/Accountable Officer (AO) who is in post at the time of signing — not the AO who was in post during the reporting period (if different).
 - If the AO signing the report is different from the AO during the reporting period, the successor AO must ensure they have necessary assurance for the financial year. This may take the form of an accountability handover letter to provide assurance over responsibilities being transferred and should ideally be dated on the predecessor AO's last working day.

ICB annual reports draft timetable 2025/26

Date due	Action
6 March	ICBs to submit a copy of draft Head of Internal Audit Opinion (HoIAO)
27 April	ICBs to submit draft annual reports, updated HoIAO, and draft NAO checklist
1 May	Regions to submit Interim certification documentation and advise ICBs when they should re-submit reports
19 June	ICBs to submit final (audited and signed) annual reports, along with NAO disclosure checklists and final HoIAO
3 July	Regions to submit final certification of ICB reports to NHSE Finance Guidance Library
30 September	ICBs to publish annual report and accounts to their website
30 September	ICBs to hold a public meeting (AGM or public meeting of the governing body) at which their annual report and accounts is presented.

- E-mail queries to england.yearendaccounts@nhs.net
- FAQs will be communicated via Finance Guidance Library

Provider annual reports

- Timetable covered on earlier slide
- Reminder from November 'Roadshow' Teams session:
 - There is large variation in the length of providers' annual reports
 - Most providers complied with our guidance on dates for draft annual reports and getting information to auditors last year, but many didn't – please ensure you have a plan
- FT Annual Reporting Manual / NHS Trust guidance all available on webpage:
<https://www.england.nhs.uk/financial-accounting-and-reporting/financial-reporting/>
- Queries to england.provider.accounts@nhs.net



Any Questions?



Thank you for joining us today, we look forward to seeing you again.

Please scan the QR code to leave any feedback, this will also be shared after the event.

NHS England Finance Information Event (Roadshow follow-on) Feedback Form

