

NHS foundation trust annual reporting manual 2015/16

March 2016 update

Introduction

The NHS foundation trust annual reporting manual (FT ARM) for 2015/16 was published in November 2015 and is available at <https://www.gov.uk/government/publications/nhs-foundation-trusts-annual-reporting-manual-201516>

We need to make a small number of changes to the FT ARM 2015/16. We are writing this update to explain the changes, rather than leave NHS foundation trusts to identify the changes themselves within a reissued document.

This update should be read alongside the FT ARM 2015/16. It forms part of our direction to NHS foundation trusts on the content of their annual accounts for 2015/16, as issued under paragraph 25(1) of Schedule 7 of the National Health Service Act 2006. This update has been approved by the Department of Health in line with the requirements of that legislation.

Amended requirement: Disclosure of future commitments for on-Statement of Financial Position service concession schemes

We have amended paragraph 5.51(b) of the FT ARM 2015/16 as follows (deleted text shown as strikethrough and in red):

- b) *The FReM requires, for ‘on-balance sheet’ service concessions, disclosure of the trust’s **total commitments** due:***
- not later than one year
 - later than one year and not later than five years
 - later than five years ~~and~~
 - ~~less the interest element to give the present value of obligations.~~

This reflects a change made to the HM Treasury Financial Reporting Manual (FReM) in December 2015.

Amended requirement: Analysis of operating expenses

Paragraph 4.24 of the FT ARM 2015/16 includes the requirement that “The analysis of operating expenditure must also include a separate row recording internal audit

expenditure. This relates to spend on internal audit services, and may be provided in-house or by a third party.”

We would like to clarify that this row should include spend on local counter fraud services (LCFS). NHS foundation trusts may rename this row in the analysis of operating expenses to ‘internal audit and LCFS’ if desired.

New requirement: Merger support monies from the Department of Health

Paragraph 4.6 of the FT ARM 2015/16 includes the requirement that “Income from non-patient-care services should be classified as ‘other operating income”.

Where the NHS foundation trust is in receipt of merger support funding from the Department of Health (also known as ‘deficit support funding’ or ‘transaction support money’), the trust should disclose this as a separate row within an analysis of other operating income. This requirement need not apply where the trust determines that the income is not material and the trust’s auditor is content with this.

New requirement: Additional income for delivery of healthcare services

Paragraph 4.6 of the FT ARM 2015/16 includes the requirement that “Income should be classified as income from activities when it is earned under contracts with NHS bodies and others for the provision of patient-related healthcare services”.

Where the NHS foundation trust is in receipt of additional revenue contributions from central bodies for the delivery of healthcare services, this should be recognised as revenue and disclosed as a separate row within the analysis of income from activities. The trust should also add a brief explanation of this income beneath the note. Additional income for delivery of healthcare services in 2015/16 will relate to the revenue contributions from the Department of Health following ‘capital to revenue’ agreements in February and March 2016.

The above requirement need not apply where the trust determines that the income is not material and the trust’s auditor is content with this.

No changes: Fair Pay Multiple disclosure

Annex 9 to chapter 7 of the FT ARM 2015/16 includes an extract from the Public Expenditure System (PES) paper (2014) 11 published by HM Treasury and states that the section may require updating for 2015/16. HM Treasury has now published the equivalent paper for 2015/16 and there are no changes to these requirements.

No changes: Off-payroll disclosures

Annex 8 to chapter 7 of the FT ARM 2015/16 includes an extract from the Public Expenditure System (PES) paper (2014) 11 published by HM Treasury and states

that the section may require updating for 2015/16. HM Treasury has now published the equivalent paper for 2015/16 and there are no changes to these requirements.

Clarification: New format for annual report

Paragraph 7.4 of the FT ARM 2015/16 states:

Following changes in the HM Treasury FReM, the format of NHS foundation trusts' annual reports has changed in 2015/16. The changes as adopted by Monitor should simplify the production of a foundation trust's annual report. Monitor will publish a guide to the changes as a separate document alongside the FT ARM.

This separate guide was published alongside the draft FT ARM issued for consultation. This is available on our website at <https://www.gov.uk/government/consultations/nhs-foundation-trust-annual-reporting-manual-proposed-amendments-for-201516> in the document titled 'Annex' at the bottom of the page.

The guide provides a mark-up of the 2014/15 FT ARM requirements and shows where they were relocated in the 2015/16 FT ARM. The marked-up paragraph references refer to the draft FT ARM but there were very few changes in the final FT ARM for 2015/16.