Consultation on proposed amendments to the 'NHS foundation trust annual reporting manual 2014/15': summary of responses

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About Monitor

As the sector regulator for health services in England, our job is to make the health sector work better for patients. As well as making sure that independent NHS foundation trusts are well led so that they can deliver quality care on a sustainable basis, we make sure: essential services are maintained if a provider gets into serious difficulties; the NHS payment system promotes quality and efficiency; and patients do not lose out through restrictions on their rights to make choices, through poor purchasing on their behalf, or through inappropriate anti-competitive behaviour by providers or commissioners.

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Context

All NHS foundation trusts must publish annual reports and accounts. Clear and transparent reporting helps a trust − as well as its governors, members and patients − understand and scrutinise the year's operations and outcomes.

As regulator, we direct the form in which the annual report and account should be prepared, the information which should be included and the methods and principles that should be followed in their preparation. In determining the form and content of the accounts, we must, by statute, aim to ensure the accounts present a true and fair view.

In order to achieve this, we issue the 'NHS foundation trust annual reporting manual' (the 'FT ARM') every year. It contains the requirements NHS foundation trusts need to follow when preparing their annual reports and accounts.

The FT ARM requires NHS foundation trusts to follow the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union and the 'HM Treasury Financial Reporting Manual' (HMT FReM). Therefore, the FT ARM only includes detailed accounting guidance where NHS foundation trusts are:

- required to depart from IFRS or the HMT FReM
- required to make specific disclosures which are in addition to IFRS and the HMT FReM or are
- faced with particular circumstances which IFRS or the HMT FReM do not address.

Updates to the 'FT ARM' follow the same principle – they are required where IFRS or the HMT FReM have changed or when NHS foundation trusts are required to make specific extra disclosures.

The consultation

We consulted on a number of proposed changes to allow for feedback from interested parties prior to finalising the 'FT ARM 2014/15'. We summarise the responses to questions included in the consultation below.

Overview of responses

Monitor received 28 responses to the consultation. Of those, 18 (64%) came from NHS foundation trusts, and the rest from other NHS bodies, professional bodies and accounting firms. A full list of respondents is provided in Appendix A, excluding those organisations that elected to remain confidential. To maintain confidentiality, the analysis in this document does not identify individual respondents.

Not all respondents answered all the consultation questions. The response data set out below for each question will include relevant comments from respondents, even where they elected not to answer the specific question posed. Some respondents left questions blank. All comments were considered. Paragraph references refer to the revised FT ARM published alongside this document.

We are grateful to all respondents to the FT ARM consultation. Your feedback has been considered carefully and, where appropriate, has influenced our decisions on which proposals will be adopted.

Detail of consultation questions and responses

A. Enhanced audit reporting

Auditors issue an audit opinion for foundation trusts which is based on the Companies Act and International Standard on Auditing (ISA) 700. Recent changes to ISA 700 strengthen elements of the audit opinion report where the reporting entity has adopted the UK Governance Code 2012. The key changes require the auditor to (i) give a view on whether the annual report and accounts are fair, balanced and understandable, and (ii) describe the audit risks that had the biggest impact on the audit and how these were addressed.

'The NHS Foundation Trust Code of Governance' is based on principles of the UK Governance Code 2012 and requires directors of foundation trusts to confirm that the annual report and accounts, taken as a whole, are fair, balanced and understandable and to disclose the significant issues considered by the audit committee in approving the accounts.

The consultation proposed that:

- the FT ARM be amended to require NHS foundation trusts to state in their annual report and accounts that they have adopted the 'NHS Foundation Trust Code of Governance' on a comply or explain basis
- a corresponding update be made to the 'Audit Code for NHS Foundation Trusts'.

These proposed amendments would introduce enhanced audit reporting for the audits of NHS foundation trusts.

Consultation question 1
Do you have any comment on our proposal for implementing enhanced audit reporting for NHS foundation trusts?

Summary of responses

Responses to this question can be summarised as follows:

- Supportive: 7
- Accepting the proposal but some comments: 14
- No clear opinion: 4
- Against: 0
- No relevant comments: 3

Following comments made by two respondents, we wish to clarify that the auditor is required to report on whether the annual report and accounts are fair, balanced and understandable by exception. This is the approach set out in the International Standard on Auditing, and the auditor will only report explicitly if they become aware of information indicating that the annual report and accounts are not fair, balanced and understandable.

Two respondents commented that they would need further detail before they could respond. We were not able to provide a template audit report highlighting the impact of the proposed changes as part of the consultation document because the format of foundation trusts' audit reports currently differ slightly between audit firms. Since the consultation document was issued audit firms have told us that many of their clients have raised this matter with them for discussion so we are confident that foundation trusts now have a better understanding of how these changes would affect their audit report. Trusts requiring further information may wish to refer to an illustration for the private sector issued by the Financial Reporting Council (additions in blue and red type) available here.

In our consultation document we highlighted that this additional reporting might lead to an additional audit fee and that this would need to be balanced against the benefits that the reporting may bring. Some respondents replayed this back to us and said that they agreed with the proposal but were mindful of any increase in audit fee. Since the consultation we have had further discussion with audit firm representatives and while they have told us that the impact on the fee would differ between trusts, the indicative numbers they have provided to us appear reasonable. One audit firm said that for some clients it would have no impact on the audit fee. We have also updated the 'Audit Code for NHS Foundation Trusts' to make the scope of this additional reporting clearer in order to further limit the additional cost associated with this work.

Two respondents raised queries about what it means for the annual report and accounts to be ‘understandable’, particularly given how prescriptive the quality accounts disclosure format is. Similarly, one respondent queried which parts of the audit the significant risks disclosure would relate to. We have clarified in the ‘Audit Code for NHS Foundation Trusts’ that this enhanced reporting by auditors in their audit report would only cover the work to form an opinion on the accounts, and not the other aspects of the audit report and certificate.

Two respondents asked for more information on what we meant by foundation trusts ‘telling the story’ fairly in the consultation document. This phrase does not appear in the directions to auditors. Providing a balanced picture does not mean that foundation trusts would lose the freedom to highlight what matters they consider important. What is new is that auditors might express a view in the audit report if the emphasis being given to items in the annual report and accounts as a whole differs materially from their perspective.

One foundation trust respondent raised a query on the audit timetable and whether the auditors would have sufficient time to complete this work. We consulted with audit firms prior to issuing the FT ARM consultation and while auditors are mindful of this point, no firm raised this as a significant concern.

Two respondents noted that since the power to issue directions to foundation trust auditors passes to the Comptroller and Auditor General (C&AG) from 2015/16, Monitor should ensure that any approach adopted by Monitor for 2014/15 is discussed with the National Audit Office (who will issue the directions on the C&AG’s behalf) to ensure consistency of approach. We have been discussing this with the NAO for several months to ensure this consistency will be achieved.

One respondent raised a concern that a relative lack of significant risks in foundation trust audits (compared to private sector audits for example) would lead to limited reporting, and this might devalue the external perception of external audit. Our view is that it is a good thing that audit reports should not contain unnecessary detail: a straightforward audit should have a straightforward audit report. By contrast, an audit with significant risks that had a significant effect on the audit should have these reflected in the audit report.

Monitor’s decision

Given the majority of favourable comments (including from foundation trusts and not just accounting firms), Monitor has implemented the proposal that was consulted on. In doing this we have modified the ‘Audit code for NHS foundation trusts’ (‘Audit Code’) to define the scope of the reporting more tightly.

The Audit code has been updated accordingly and will be published alongside the FT ARM.

B. Remuneration report

In August 2013, the Department for Business, Innovation and Skills introduced changes to the Companies Act regulations which altered the requirements for the remuneration report. Many of these changes were adopted by the HMT FReM in early 2014, and we adopted those minimum requirements in the revised FT ARM in 2013/14.

To continue to align foundation trust annual reporting with best practice in the corporate sector where relevant, we proposed to adopt a number of wider changes in the company regulations into the 2014/15 FT ARM in addition to those already adopted.

a) Format of remuneration report

The 2013 Companies Act regulations introduced a three-section format for the remuneration report:

- an annual statement on remuneration policy and changes
- details of policy relating to the remuneration of senior managers and
- an annual report on remuneration (largely the current audited elements).

The consultation proposed to adopt this format to replace the existing division between audited content and unaudited content.

Refer to paragraphs 7.34 to 7.44 of the FT ARM.

b) Senior managers' remuneration policy

Most of the disclosures in this section are similar in scope to the previous 'not subject to audit' disclosures.

The proposals were to adopt some disclosures from the companies' regulations that are in addition to the requirements in the FReM, and largely relate to transparency over non-standard elements of remuneration, where they exist.

Refer to paragraphs 7.39 to 7.43 of the FT ARM.

Consultation question 2:
Do you have any comment on our proposals for changes to the structure or content of the remuneration report?

Summary of responses

Responses to this question can be summarised as follows:

- Supportive: 14
- Accepting the proposal but some comments: 0
- No clear opinion: 6
- Different views on two parts of question: 1
- Against: 2
- No relevant comments: 5

The overwhelming majority of respondents were in favour of Monitor's proposal to adopt a three-part format to the remuneration report in line with the Companies Act regulations and so this will be adopted.

The majority of respondents were also in favour of Monitor's proposals to expand reporting in some areas by adopting more of the Companies Act regulations requirements. We are mindful however of the dissenting views expressed by a small number of respondents.

Two respondents commented that the requirement for the future policy table should be simplified to only require disclosure where there is deviation from standard NHS contract terms. This would be difficult to define as there are already a variety of 'standard' NHS contracts. Moreover, the disclosure already can be simple if applicable. If, for example, all senior managers have the same components of their remuneration packages, and these are elements such as salary, taxable expenses and pension contributions and there are no performance measures on which any component of remuneration depends, the future policy table required by paragraph 7.40 will be very straightforward.

One respondent requested that where the FT ARM requires "a description of any obligations in some or all senior managers' service contracts which could give rise to remuneration payments of payments for loss of office that are not disclosed elsewhere in the remuneration report", more information be provided on what should be disclosed. This requirement is already contained in the Companies Act regulations and so a foundation trust should discuss with its auditors any query on what would constitute acceptable disclosure.

One respondent commented that the FT ARM does not include the statement in paragraph 2(5) in schedule 8 to the regulations which says that requirements to disclose information in respect of performance measures or targets may be omitted if the information is commercially sensitive in the opinion of the directors. We believe that it is rare for reference to performance measures to appear in foundation trust directors' remuneration packages, and that if they do occur they would be unlikely to be commercially sensitive. As such we have not added this exemption to the FT ARM but we will keep this under review if any specific issues are raised with us.

One respondent queried whether remuneration relating to a director's other duties should be included within the single total figure table. Preparers should refer to the definition of 'qualifying services' provided in the Companies Act regulations.

As part of preparing the post-consultation FT ARM, the requirements of paragraph 7.72 (7.68 in the draft version) have been simplified: it is now made clear that no separate disclosure of total pension entitlements is required, and the table in paragraph 7.73 will suffice. One respondent requested that an illustrative table format for the pension table referred to in paragraph 7.73 be added. This has now been included in this paragraph. There are no changes to the disclosure requirements. We have also added the banding information for columns (d) and (e) of the single figure table to paragraph 7.51. Previously this information was only provided in the detailed paragraphs that follow.

One respondent commented that the single total figure table and the pensions table have the potential to be misleading where an individual has been promoted during the two years of reporting. If a foundation trust feels that a disclosure needs more explanation it is free to add additional detail, as long as the trust's auditors are content with the addition.

Monitor's decision

Monitor has accepted the proposals regarding the remuneration report as the majority of respondents were in favour, subject to minor amendments:

- Paragraph 7.39 in the draft FT ARM – this has been broken into separate paragraphs to make it clearer for the reader.
- Paragraph 7.40 – removal of the bullet point relating to performance measures forming part of the remuneration policy in order to simplify the requirements, as this partly duplicates the description of any performance measures already included as part of the future policy table.
- Paragraph 7.51 – banding information details for columns (d) and (e) have been listed.
- Paragraph 7.72 – simplification to clarify that no separate disclosure of the total pensions entitlements is required.
- Paragraph 7.73 – an illustrative pensions table format has been included.

c) Off-payroll disclosures

The FT ARM already requires foundation trusts to disclose details of off-payroll arrangements for highly paid people. To promote local governance and transparency in an increasingly high profile area, we proposed to expand this disclosure by requiring foundation trusts to make a statement on their policy for the use of off-payroll arrangements. We believe local scrutiny is an important element of reviewing a foundation trust's affairs.

Refer to paragraph 7.48 of the FT ARM (7.44 in the draft).

Consultation question 3:
Do you have any comment on our proposals for foundation trusts to disclose their policy on the use of off-payroll arrangements?

Summary of responses

Responses to this question can be summarised as follows:

- Supportive: 10
- Accepting the proposal but some comments: 3
- No clear opinion: 2
- Against: 0
- No relevant comments: 13

The overwhelming majority of respondents supported Monitor's proposal here, recognising the rationale for the disclosure we set out in the consultation document.

One respondent commented that they did not welcome the addition of three off-payroll tables to the annual report. That is not the issue under consideration: the off-payroll tables are already a required disclosure as a result of HM Treasury requirements.

One respondent recommended that the statement on policy only be required if the trust has some off-payroll arrangements to disclose. We disagree with this: even if the trust currently has no off-payroll arrangements for highly paid people to disclose, it can still have a policy on the use of such arrangements.

One respondent suggested that the proposed disclosure would sit better as part of the remuneration policy part of the remuneration report, rather than the annual report on remuneration. We recognise the merit in this suggestion, however we feel it has the potential to be less duplicative if included alongside the existing off-payroll disclosure table as set out in our consultation proposals.

Two respondents highlighted that we should define more closely to whom the new policy disclosure relates. This has been added to paragraph 7.48. The foundation trust should disclose as a minimum its policy on the use of off-payroll arrangements for highly paid staff and controls it has in place over the use of such arrangements. ‘Highly paid’ is defined as the threshold used by HM Treasury for the reporting tables as reproduced in annex 8 to chapter 7 of the FT ARM.

Monitor’s decision

Monitor has accepted the proposals regarding the off-payroll disclosures as the majority of respondents with relevant responses were in favour, subject to the following amendment:

- Paragraph 7.48 – a clearer definition of to whom the new policy disclosure relates has been added.

C. Group accounting

From 2014/15, the HMT FReM has adopted the new group accounting standards (IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities) in full. These requirements have been incorporated into the 2014/15 FT ARM.

The key changes include the removal of the option to apply proportionate consolidation when accounting for interests in joint ventures and important changes to the definitions of control and the two types of joint arrangements (joint ventures or joint operations).

IFRS 12 also introduces new disclosure requirements, including summarised financial information, for interests in subsidiaries, joint arrangements, associates and non-consolidated structured entities. These disclosures will not apply to the majority of foundation trusts who have a single entity structure, and foundation trusts to whom they apply should take a proportionate approach when applying the standard. The disclosures relating to subsidiaries will apply to NHS foundation trusts consolidating NHS charitable funds.

In addition to implementing these standards, we proposed that where a foundation trust has an interest in a subsidiary, joint arrangement or associate which has not been accounted for under IFRS 10 or IFRS 11, the name of the entity, nature of the relationship and the basis for non-consolidation should be disclosed in the foundation trust’s accounting policies.

Refer to the following sections of the draft FT ARM:

- paragraphs 3.24 to 3.42
- annex 1 to chapter 3, template accounting policy 1.

Consultation question 4:
Do you have any comment on our proposals for adopting the new group accounting standards?

Summary of responses

Responses to this question can be summarised as follows:

- Supportive: 9
- Accepting the proposal but some comments: 4
- No clear opinion: 4
- Against: 0
- No relevant comments: 11

The majority of respondents were in favour of the proposals.

One respondent commented that the standards would not affect them as they already prepare group accounts. We wish to highlight that for foundation trusts with group structures the changes in definition of control may lead to changes in consolidation boundaries, and there are new disclosure requirements for those that already do consolidate.

One respondent requested that the FT ARM should include mention of the exemption afforded by the Companies Act which allows group accounts to not disclose the statement of comprehensive income of the parent. We would ordinarily not repeat features of standards, but we recognise that given the comments in the FT ARM paragraph 3.32 we agree it would be helpful to make this clear. This has been added to that paragraph.

For the same paragraph, one audit firm commented that the exemption offered from including 'Foundation Trust' columns in notes if they are not materially different from the group numbers may affect the ability of the auditor to form an opinion on the parent accounts if disclosures are not clear. They also commented that it is for the trust to determine the preparation of its accounts rather than do so in agreement with the auditor as the draft FT ARM suggested. Paragraph 3.32 has been amended slightly to address both points.

One respondent commented that Monitor's reference to "foundation trusts are expected to take a proportionate approach" in paragraph 3.41 should be defined more tightly and that a standard either applies or it doesn't. We recognise this concern – and have stated clearly that IFRS 12 applies in full – but we remain conscious that there are lots of requirements in IFRS 12, and we think it is helpful to remind foundation trusts in applying IFRS 12 that they should be mindful of this.

Two respondents queried whether materiality considerations still apply, with one commenting that the 2013/14 FT ARM made explicit reference to materiality in relation to the change in accounting policy for charitable funds. Materiality does continue to apply, as is the case throughout IFRS. The materiality reference was added to the 2013/14 FT ARM given the wholescale change in accounting policy for charitable funds. We do not feel that explicit reference to materiality is now needed in this section given the pervasive application of materiality throughout.

One respondent requested clarity in disclosures required in the accounts be provided in the FT ARM rather than the trust have to wait for the foundation trust consolidation schedules (FTCs) to be released. The tables in this section of the FTCs for 2014/15 are designed to collect information for Monitor's consolidated accounts and are not intended to be a pro forma for local disclosure in this area. Foundation trusts should refer to the accounting standards as directed by the FT ARM.

Monitor's decision

Monitor has accepted the proposals regarding group accounting as the majority of respondents with relevant comments were in favour, with the following amendments:

- Paragraph 3.32 – added a reference to the exemption afforded by the Companies Act, allowing group accounts to not disclose the statement of comprehensive income of the parent.
- Paragraph 3.32 – improved clarity around including group and trust notes in the accounts.

D. Additional information relating to overseas visitors income

In 2013/14 we began to collect additional information about income relating to overseas patients in FTC forms. This information quantifies the foundation trust's exposure to credit risk in relation to such income. From 2014/15 we proposed that foundation trusts would also be required to disclose this information in the notes to the accounts. We believe this will ensure this information is available to local stakeholders, as well as bringing it within the scope of external audit.

Refer to paragraph 4.22 of the FT ARM.

Consultation question 5:
Do you have any comment on our proposals for updating the FT ARM to require disclosure of information relating to overseas patient income as set out above?

Summary of responses

Responses to this question can be summarised as follows:

- Supportive: 6
- Accepting the proposal but some comments: 3
- No clear opinion: 7
- Against: 3
- No relevant comments: 9

A number of respondents to this question commented that as the disclosure is required in the FTCs, they are not concerned about being required to disclose this in the accounts.

Three respondents disagreed with the proposal, commenting that it goes against current HM Treasury ambitions to simplify the annual report and accounts in the public sector and focus only on material items. A further five respondents queried whether the disclosure would be required if immaterial.

We recognise that this disclosure is an addition to accounts rather than simplification, but the disclosure relates to an area of focus in government and ministers are keen to have reliable data on this type of income. As such, enabling local scrutiny and having the disclosure subject to audit is considered to outweigh the overall drive towards accounts simplification on this occasion.

It is not possible to restrict this disclosure to those foundation trusts where the numbers are material locally as this would achieve very low coverage of the total in the sector. Equally we recognise it would be disproportionate to require this disclosure in the accounts in all instances. We have decided that due to ministerial interest in this area, this disclosure (all four numbers) should be included in the foundation trust's accounts where income from overseas visitors (where the patient is charged directly by the trust) exceeds £100,000 in the year. Foundation trusts with income from overseas visitors below this level are encouraged to include the disclosure in their accounts but this is not mandatory. The information should be provided in the FTC template in all instances.

Monitor's decision

Monitor has implemented its proposals for requiring disclosure of details regarding overseas visitors income in the accounts of foundation trusts, with the following amendment:

- Paragraph 4.22 − in response to queries as to whether disclosure is required in all cases, Monitor's decision is that disclosure is required (of all four numbers) where income exceeds £100,000 in the year.

E. Other changes

A number of other changes, considered more minor in nature, have been made to the FT ARM in 2014/15. These include minor changes and developments arising from accounting standards in 2014/15 as well as those arising from developments in Monitor's regulatory regime.

Consultation question 6:
Do you have any comments on the other changes listed or any other amendments?

Summary of responses

Responses to this question can be summarised as follows:

- Commenting on changes in the draft FT ARM: 15
- No relevant comments: 13

One respondent requested clarity around the legal and accounting frameworks over the transfer of public dividend capital between providers where services and assets have transferred in the year to ensure consistent application. A principles based approach has now been agreed with the Department of Health and details of the expected accounting treatment have been set out in the 2014/15 FT ARM in paragraph 3.55.

One respondent noted that while clarification on annual governance statement disclosures around data losses was welcomed, further disclosures suggested in the HM Treasury guidance 'Managing Public Money' are not currently required. Similar disclosures are already required elsewhere in a foundation trust's annual report and repetition is not required in the annual governance statement. One respondent commented that in some instances disclosure may be prejudicial to ongoing investigations or proceedings. Paragraph 7.93 has been amended accordingly.

One respondent requested that the supplementary guidance issued to commissioners and providers on accounting for payments under the maternity pathway as referenced within paragraph 4.11 of the draft FT ARM be included in full within the manual rather than linked to. Our view is that this would be disproportionate: the guidance does not represent a significant departure from existing accounting practice for NHS foundation trusts and contains no interpretation or adaptation of relevant standards.

Two respondents provided comments on the clarity of guidance relating to final annual report and accounts submission arrangements and timescales. In response to comments received, we have clarified within the table in paragraph 1.13 that hard copies of the audit opinion on the accounts and the auditor's report on the FTCs submitted to Monitor by post should be original signed copies. Additionally, deadlines for submission to Monitor have been moved from 9am to noon for all submissions, aligning the NHS foundation trust sector with the wider NHS where relevant.

The guidance in paragraph 3.34 of the 2013/14 FT ARM on how to account for the transfer of charitable funds had been removed from the 2014/15 draft FT ARM as part of removing the section dealing with the prior year restatement in 2013/14. This specific guidance is still required for where charitable funds transfer as part of another transaction. It has therefore been reinstated in paragraph 3.56 of the FT ARM as part of the guidance on accounting for transfers by absorption.

Paragraph 5.42 has been amended to bring in a disclosure requirement in the FReM. This is necessary as the FTCs have changed this year which means that foundation trusts might not realise that part of the disclosure in the FTCs is required in accounts. This paragraph of the FT ARM now captures the disclosure requirement set by paragraph 5.4.21 of the FReM.

Respondents were in favour of our clarification of going concern in the FT ARM. The interpretation of International Accounting Standards (IAS 1) contained in paragraph 3.20 to look at the continuation of services is taken from the FReM and we are not in a position to adapt this further. One respondent commented that as well as considering the continuation of services, there should also be disclosure where it is known that the entity is due to cease to exist in the next 12 months. We agree with this, and consider that the current definition of going concern does not preclude this disclosure being made.

Monitor's decision

The changes to other disclosure items proposed in the consultation have been adopted in the FT ARM 2014/15. In response to comments and other feedback, the following changes have been made:

- Paragraph 1.13 − clarification added that the hard copies of the audit opinion on the accounts and the auditor's report on the FTCs submitted to Monitor by post should be original signed copies.
- Paragraph 1.13 − Deadlines for submissions have been moved to 12 noon, aligning the NHS foundation trust sector with the wider NHS.
- Paragraph 1.23 − a comment has been added to remind foundation trusts that once the annual report and accounts have been laid before Parliament, they are to be made available to the public by the foundation trust.
- Paragraph 3.55 − details have been added around the legal and accounting frameworks for the transfer of public dividend capital between providers where services and assets have transferred in the year.
- Paragraph 3.56 − previous guidance on how to account for the transfer of

charitable funds has been reinstated here.

- Paragraphs 4.59 - 4.60 – disclosure requirements for non-compulsory exit packages have been further clarified (but requirements have not changed).
- Paragraph 7.93 − amended to state that if disclosure would be prejudicial to any ongoing investigations or disciplinary or regulatory proceedings, details may be omitted.

Other areas amended since the consultation draft

Annex 2 to chapter 1: laying annual report and accounts before Parliament

NHS foundation trusts are advised that the e-mail address to use when providing a draft of your annual report and accounts to the Department of Health Parliamentary Office for checking has changed. The procedure to follow is set out in annex 2 to chapter 1.

Guidance for NHS foundation trusts in their final period of operation

The FT ARM now includes guidance for foundation trusts in their final period of operation. These reporting requirements are contained in paragraphs 1.38 to 1.49.

Assurance over elective waiting time data

Earlier in the year Monitor committed to the Public Accounts Committee to require foundation trusts to make a statement in its annual governance statement on how it assures the quality of elective waiting times data and the risks to the quality and accuracy of this data. This has been added to the model annual governance statement in annex 6 to chapter 7.

Quality report requirements (annex 2 to chapter 7)

Monitor's additional requirements for quality reports have been added to annex 2 to chapter 7. These are substantially unchanged from 2013/14.

We expect that NHS England will finalise the disclosure requirements for quality accounts shortly. Monitor will then publish a pro forma for the quality report under separate cover.

Agreement of balances guidance

Some of the detail included in paragraphs 4.12 – 4.15 on the agreement of balances process of the draft FT ARM has been removed as more up-to-date guidance is provided in the separate agreement of balances guidance document, available here.

Future changes expected to be made to FT ARM 2014/15

No future changes are currently expected to cause the FT ARM to be revised later in the year.

Appendix A: List of respondents to the consultation, excluding anonymous and confidential responses

Accounting firms

- Deloitte LLP
- Grant Thornton UK LLP
- KPMG LLP
- Mazars LLP
- PwC LLP

NHS foundation trusts

- County Durham and Darlington NHS Foundation Trust
- Derbyshire Healthcare NHS Foundation Trust
- Doncaster & Bassetlaw Hospitals NHS Foundation Trust
- Dorset County Hospital NHS Foundation Trust
- East Kent Hospitals University NHS Foundation Trust
- Royal Berkshire NHS Foundation Trust
- South Essex Partnership University NHS Foundation Trust
- South Western Ambulance Service NHS Foundation Trust
- The Christie NHS Foundation Trust
- The Hillingdon Hospitals NHS Foundation Trust
- The Royal Marsden NHS Foundation Trust
- The Royal Orthopaedic Hospital NHS Foundation Trust
- The Walton Centre NHS Foundation Trust
- University College London Hospitals NHS Foundation Trust
- University Hospitals Birmingham NHS Foundation Trust
- University Hospital Southampton NHS Foundation Trust

Other bodies

- Audit Commission
- Foundation Trust Network
- Healthcare Financial Management Association (HFMA)
- Policy Forum
- Well (Consulting) Limited

Two respondents elected to remain anonymous.

In addition comments by the Department of Health have been reflected as part of the Department's approval of the FT ARM.

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