

11 May 2016

To: NHS trust and NHS foundation trust finance directors
Copy to: NHS trust and NHS foundation trust finance team contacts

Dear Colleague

Department of Health Group Accounting Manual 2016/17 consultation

The Department of Health has launched a consultation on its *Group Accounting Manual* (GAM) for 2016/17 this week. The Department has worked with the accounting teams in NHS Improvement over recent months to merge the *DH Group Manual for Accounts* (DH MfA) with the *Foundation Trust Annual Reporting Manual* (FT ARM). The new manual is intended to take the best of the former DH MfA and FT ARM and set the accounting principles for all DH group bodies.

For NHS trusts

The DH GAM 2016/17 sets the requirements for NHS trusts' annual reports and accounts in the same way as the DH MfA has in previous years. While the format of the manual has changed, there are no major new accounting standards applicable in 2016/17 and HM Treasury has not made any changes in its *Financial Reporting Manual* to the formats of annual reports. There are therefore no major changes in the requirements of the DH GAM 2016/17 compared to the DH MfA 2015/16.

DH has issued a short consultation document which explains some of the minor changes that have been made. We invite you to consider these, together with the new format of the manual and respond to the consultation.

For NHS foundation trusts

The DH GAM 2016/17 sets the accounting requirements for NHS foundation trusts for the first time. The foundation trust accounting team at NHS Improvement regards it as a positive step to have one comprehensive manual for all DH group bodies where accounting requirements are fundamentally consistent. NHS Improvement will continue to issue an FT ARM 2016/17 which will contain the annual report requirements for NHS foundation trusts. Chapter 2 of the DH GAM 2016/17 is therefore not applicable to foundation trusts. The FT ARM 2016/17 will also contain the formal accounts direction for foundation trusts, but this will refer foundation trusts to the DH GAM

You will recognise much of the DH GAM as familiar from the former FT ARM. Annex 1 to chapter 3 is notable as it contains a table setting out how accounting standards are applied or interpreted by the manual. There are no substantial changes to the accounting

requirements for NHS foundation trusts compared to the former FT ARM, but there are some minor former deviations in foundation trust accounting that we and DH are proposing to remove. These are explained in the consultation document which has been published alongside the manual and we invite you to give your views. We believe these changes will affect only a very small number of foundation trusts.

Separately, we will be proposing minor changes to foundation trusts' annual reports for 2016/17 and we will issue a consultation on the FT ARM 2016/17, dealing exclusively with the annual report for foundation trusts. NHS Improvement is currently developing a new oversight and regulation regime for NHS trusts and NHS foundation trusts which will be launched in the summer. As there may be consequential effects on the annual reports for foundation trusts, and the other changes we are proposing are very minor, we have decided to wait to issue the draft FT ARM 2016/17 for consultation until the summer. There will be no major changes to either the content requirements or overall structure for foundation trusts' annual reports in 2016/17 compared to 2015/16.

DH GAM 2016/17 consultation

The DH GAM 2016/17 consultation is available [here](#)¹ alongside a draft manual. Comments are invited by Friday 1 July and the consultation document explains how to respond. We look forward to receiving your views.

Yours faithfully



Elizabeth O'Mahony
Director of Finance

¹ <https://www.gov.uk/government/consultations/changes-to-the-dh-accounting-guidance-for-all-nhs-bodies>