Assurance with Vision

Foundation Trust Accounts: Consolidation 2016/17

Each year the Department of Health publishes the Foundation Trust Consolidation (FTC) data, drawing together the information contained in all Foundation Trusts' accounts into a single data source.

This provides an invaluable resource to assess the state of NHS finances, in particular when compared with data from previous years.

This briefing prepared by 360 Assurance provides a high-level narrative on the data, compared with prior year data sets.

Over forthcoming months, we will undertake further analysis, providing a deep dive into the statements to analyse trends, seeking to identify outliers that may be indicative of good practice.

We would welcome suggestions from our clients of those areas where you think that this analysis will be most beneficial.

Headline message: Current assets : Current liabilities

It will come as no surprise that organisations are under increasing pressures, but how does this translate into the Statement of Financial Position? We compared the current assets and liabilities in 2016/17 (average per organisation), compared to the equivalent figures in 2012/13:
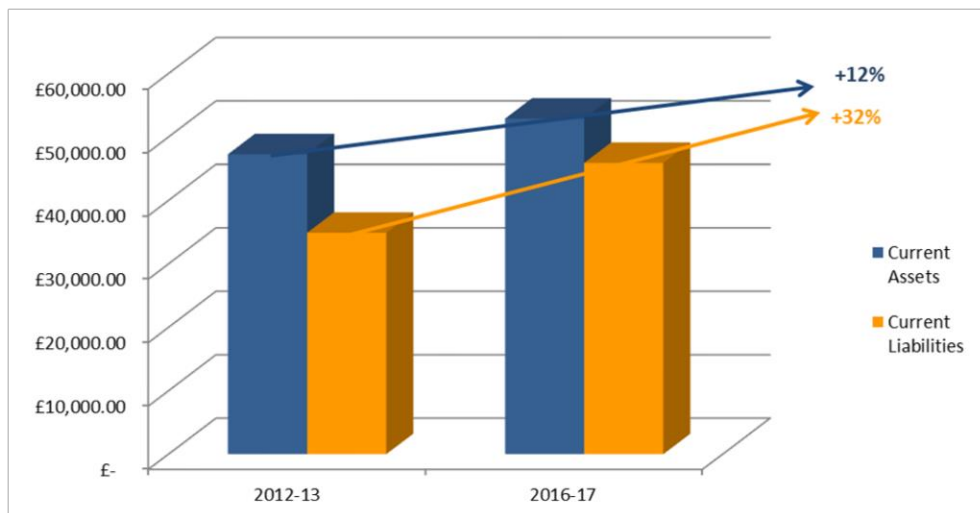
In 2012/13, the average level of current assets exceeded current liabiltiies by 35%.

By 2016/17 the average current assets had increased by 12% compared to an increase in current liabilities of 32%. Current assets now exceed current liabilities on average by only 15% - and this trend cannot continue unchecked.

360 Assurance has a clear vision for the delivery of audit and assurance solutions. Our approach is one of Partnership and Collaboration. We work in partnership with you to provide a cost effective, quality driven service that helps you deliver your key priorities.

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## Non-current assets : Non-current liabilities

Our analysis also highlights growing pressures within non-current assets and non-current liabilities.
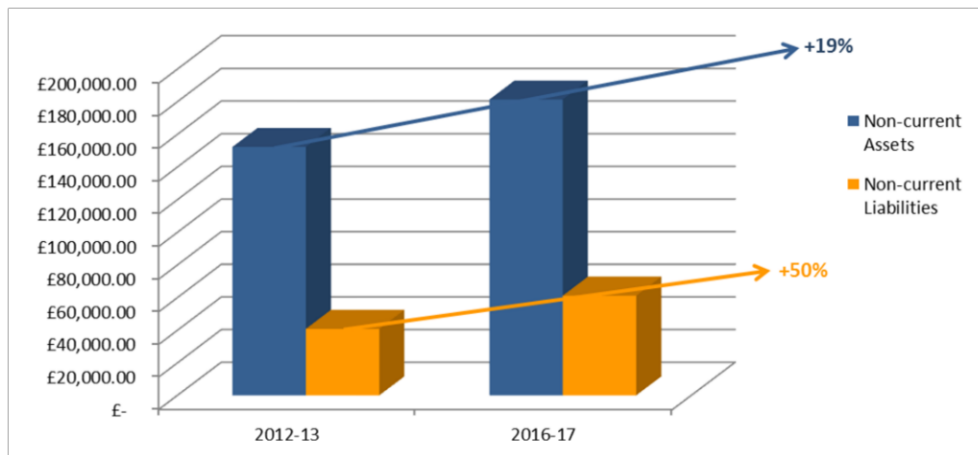
Whilst non-current assets exceed non-current liabilities by a substantial proportion, the respective increases might cause concern. During the past five years, non-current assets have increased by 19% from an average of £152 million to £181 million, but during the same period the non-current liabilities have increased by 50%, from £41 million to £61 million.

Growth in income

The average total operating income has increased by 20% during the past five years, from £240 million to £288 million.
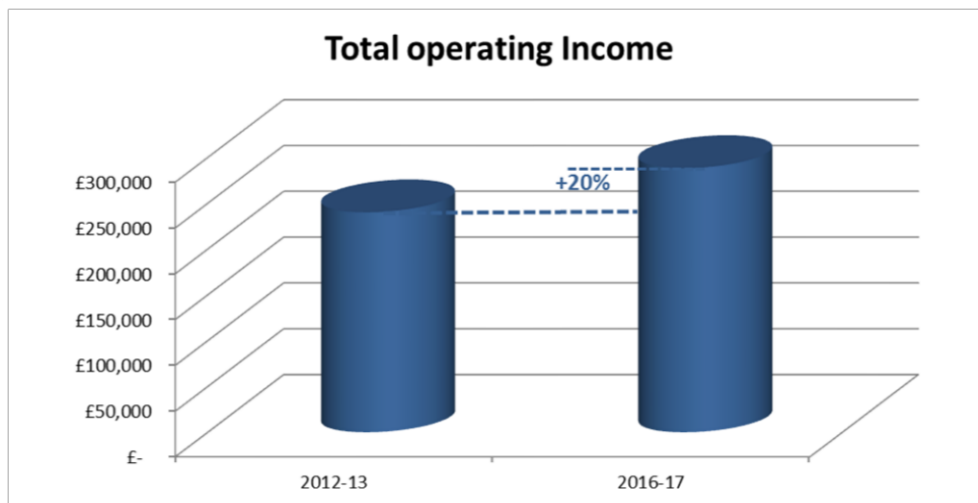

Further analysis of activity data from NHSE indicates a general increase in activity of 8.4% during the same period *(based on number of decisions to admit)*. We would assume that the increase in income derives from this increase in volume, together with inflationary increases applied.

Private Patient Income represents only a small proprtion of income (<1.5%) but has increased by 35% during the past five years, from £3 million to over £4 million per Trust on average.

Staffing movements

Staffing costs have increased broadly in line with the increase in income…

Total pay costs
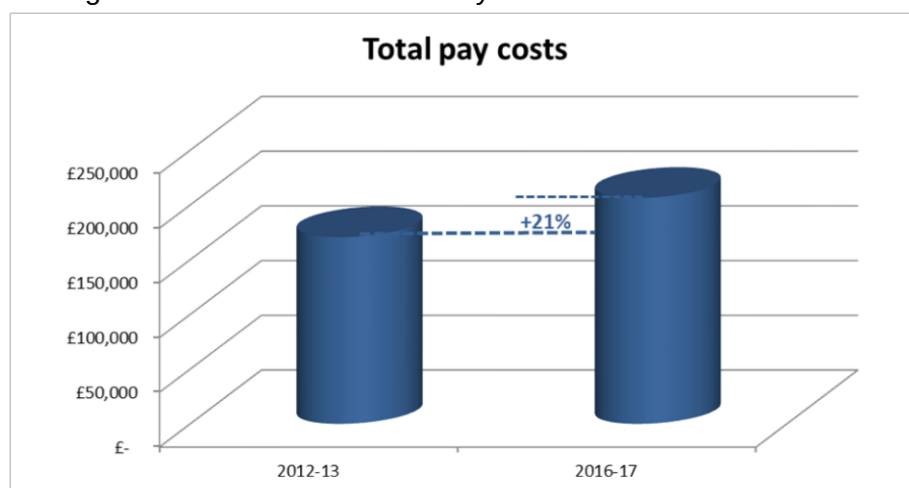
… but the split between permanent and other staff highlights a substantial increase in the number of non-permanent staff, and the costs associated with these staff:
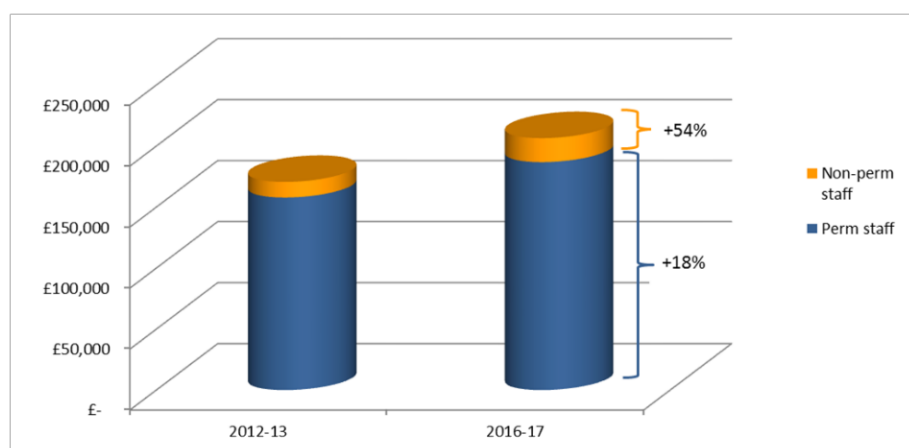
This is an area already receiving significant focus nationally, with organisations taking action to control levels of temporary and agency staff pay.

On average, one in ten of the workforce is non-permanent and figures also indicate that the average cost of these staff is rising:

Average per Trust	2012/13	2016/17	
Permanent staff £	£157,865k	£186,863k	+18%
Permanent staff #	3,750	4,263	+14%
Cost per permanent staff	£42,094	£43,838	+4%
Non-permanent staff £	£12,802k	£19,682k	+54%
Non-permanent staff #	311	430	+38%
Cost per non-permanent staff	£41,114	£45,738	+11%

It is interesting to note that the average number of staff have increased by almost 16% (although WTE numbers are not known) in contrast with a smaller increase in activity. Further analysis would be necessary to determine whether this reflects an improvement in the ratio of staff:patient, or whether it could indicate that the NHS is failing to deliver efficiencies that might allow more activity to be delivered with fewer staff.

Further reading & next steps

HFMA NHS financial temperature check, available from
https://www.hfma.org.uk/publications/details/nhs-financial-temperature-check-infographic-july-2017

NHS foundation trusts: consolidated accounts 2016/17, available from
https://improvement.nhs.uk/about-us/corporate-publications/publications/nhs-foundation-trusts-consolidated-accounts-201617/

NHS foundation trust accounts: consolidation (FTC) files 2016/17, available from
https://www.gov.uk/government/publications/nhs-foundation-trust-accounts-consolidation-ftc-files-201617

The published financial data provides the opportunity to investigate and quantify a lot of the views and concerns expressed by finance professionals. Comparing trends over time, and performance between organisations also presents the opportunity to identify those organisations performing most strongly, to identify good practice that might be shared more widely.

360 Assurance is committed to adding value to our clients and other health & social care organisations. We welcome suggestions for analysis that you will find most useful in our future publications – please speak to your Head of Audit or Client Manager, or any of the contacts listed below.

Assurance with Vision

Contact us

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