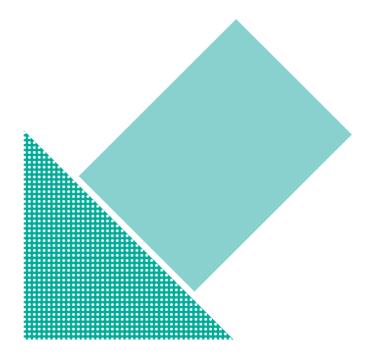# foursight

(part of UHY Hacker Young (Birmingham) LLP)

National Health Service Improvements

Foundation Trust (FT) Application

"Ensuring accountability, innovation, quality investment and continuity."

Cost effective support and innovation.

Freedom to decide locally. Accountable to local people and implementation of successful reforms.

Does your financial position make the transition to Foundation Trust status difficult?

One of NHSI's three authorisation criteria assesses the effectiveness of governance arrangements in practice. As part of this, NHSI asks the Trust to demonstrate it is financially viable.

FOUNDATION TRUST APPLICATION REQUIREMENTS

There are onerous financial information requirements imposed by NHSI, which require significant Trust input (see below).

We are experienced professionals who have been through the FT process before and can provide practical input and support at the most appropriate level for your Trust.

From a financial perspective, NHSI expects a Trust applying for FT status to:

- demonstrate a high likelihood of generating a sustainable net income surplus by year 3;
- demonstrate it is able to maintain a reasonable cash balance;
- demonstrate it can achieve a minimum financial sustainability risk rating (FSRR) of 3 (unless there are exceptional circumstances);
- provide a board statement which confirms sufficient working capital for the next 12 months, accompanied by an appropriate professional opinion on this statement; and
- provide board certification that financial reporting procedures are satisfactory and this is based on an appropriate professional opinion.

NHSI will review the Trust's Integrated Business Plan (IBP) and Long Term Financial Model (LTFM) with a focus on the Trust's assumptions underpinning them in order to gain assurance that the Trust's projections are robust. The Trust must prepare:

- growth assumptions that are aligned with commissioner expectations;
- detailed Cost Improvement Programme (CIP) plans;
- capital plans that have funding in place;
- business cases for Service Developments;
- adequate sensitivity analysis; and
- downside planning.

SUPPORTING YOU WITH A RANGE OF SERVICES

We can help you with the preparation and presentation of the LTFM, CIP plans, capital plans and business cases as well as being able to support you through the intensive NHSI review including:

- external due diligence reviews; and
- Board-to-board preparation.

Our clients are frequently impressed by our flexibility of resource input, which enables you to control costs. Our breadth of skills is matched by our ability to provide the right people at the right time to meet your FT application requirements.

There are elements that need to be considered such as;
- the projected level of activity can be supported by the assumed cost base and whether any significant changes (eg in unit costs of activity) have been clearly explained;

- assumptions regarding the asset base and capital expenditure are capable of supporting the projected level of service activity;
- the capital expenditure assumptions can be funded by forecast operating cash flows, financing cash flows (eg borrowing) and capital structure;
- the plans incorporate the disposal of property or assets required to support the delivery of Commissioner Requested Services;
- revenue growth assumptions are aligned with commissioner expectations;
- workforce plans support delivery of the strategy and manage any risks.

CONTACT US

Should you require additional support or wish to discuss other ways in which FourSight could support your organisation, then please do not hesitate to contact one of our Directors:
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We look forward to hearing from you.

FourSight is part of UHY Hacker Young (Birmingham) LLP, which is a member of the UHY Hacker Young Group, a Top 15* group of independent UK accounting and consultancy firms.

*Latest Accountancy Age and Accountancy Magazine league tables.

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Helping your financial health