

HEALTH AND SOCIAL CARE ACT 2012

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 4 – NHS foundation trusts and NHS trusts

Governance and management

Section 156 – Annual report and forward plan

1012. This section specifies new requirements relating to Monitor's existing power to determine the content of foundation trusts' annual reports and provides for the transfer of powers relating to annual reports and forward plans to the Secretary of State.
1013. *Subsection (1)* requires foundation trusts to include in their annual reports information on the pay and remuneration of directors and expenses of governors and directors. This is in line with the requirements on other public sector organisations and those already set out in Monitor's current code of governance. *Subsection (2)* requires Monitor to consult before imposing significant new requirements regarding the contents of annual reports.
1014. *Subsection (3)* provides that in future the power to determine the content of foundation trusts' annual reports could move from Monitor to the Secretary of State. He would need to set out such requirements in secondary legislation, mirroring the existing requirements on charities. The timing of this change would be for the Secretary of State to decide, but it is anticipated that this would be at a time at which the requirements on the content of foundation trust annual reports had stabilised.
1015. *Subsection (4)* places a duty on foundation trusts to send their forward plans to the Secretary of State, rather than to Monitor as previously. Alongside provisions on accounts, this is to ensure the Department of Health has the information it needs to manage its financial obligations, since the spending of foundation trusts counts towards the Department's spending. The effect of *subsection (5)* is that foundation trusts' forward plans will no longer be included on the register of foundation trusts. The public retain the right to request, free of charge, a copy of the latest information as to the forward planning of a trust from the organisation concerned, as under paragraph 22(1) (e) of Schedule 7 to the NHS Act.