



| Annual Review
2014/15



Sue Lorimer
HFMA President



Mark Knight
HFMA Chief Executive

2014-15 has once again been a very good year for the Association. In policy and educational terms we are confident that HFMA is fulfilling its mission and objectives as articulated in our 2014-17 strategy. On the business side we have also fared relatively well.

For the thirteenth straight year, we are pleased to report HFMA has delivered a surplus up from £203,000 last year to £303,000. Our turnover has also increased from £5,920,000 to £7,592,000. These growing financial figures are matched by increasing activity on all fronts as demonstrated in the statutory accounts and in this review. Put simplistically our twin aim is to develop our commercial services allowing us to increase the offering to Members. By achieving these aims it also allows us to maintain a sustainable level of surplus. We are pleased to report we achieved both significantly in 2014-15.

Thanks to the generous support of our sponsors we raised a record amount in commercial sponsorship and we also generated significant revenue from our online academy. Trading in our events business and other income lines enabled us to develop resources to continue investing in our policy team.

2014-15 saw the first full and complete trading year for our conference facility, 110 Rochester Row. Not only did it provide us with a focal point in the centre of London but it contributed £180,000 to our bottom line. We were able to plough this surplus back into the policy and technical work of the Association. That figure represents a 5% return

on investment, before consideration is given to the increased capital value resulting from the Association now holding a valuable asset in the booming London property market.

We would also like to thank our friends on the corporate partner programme – all 25 of them. These organisations provide us with valuable resources without which we would not be able to run our central infrastructure. HFMA does not endorse products or services but we work with clients to help them get their message across. We would also like to thank all of our commercial supporters whether they be national or local businesses. Together they provide substantial resource for the Association to operate on the scale it does.

Once again a major focus during 2014-15 was on recruiting more personal members. We were able to expand our affiliate class to bring on membership close to the target of 10,000. However, recruiting more paying members has been more challenging as every year a substantial number leave the service. A major objective for 2015-16 is to develop new ideas to attract more finance professionals into membership.

Paul Briddock has continued to spearhead our policy and technical programme and act as principle



Huge thanks to all the volunteers who work so hard in their free time whether they be committee or branch members or Chairs or of course our Trustees.

spokesperson for HFMA. The two 'Taking the Temperature' surveys were amongst the highlights of a busy year and the whole media campaign generated 142 pieces of coverage. We have also continued to engage stakeholders and work closely with other organisations who share our views. The health system is under significant pressure and over the past year HFMA has been able to support members and others in the NHS through:

- 106,148 hours of CPD provided during year (on average 11 hours for each full member)
- 144 local and national events
- 30 webinars providing 5,663 hours of CPD
- 29 briefings and publications

That output would not be possible without the hard work and efforts of members and staff of the Association.

We would like to thank everyone who contributed to make HFMA's year a truly special one – and a record breaking one. But most of all a huge thanks to all the volunteers who work so hard in their free time whether they be committee or branch members or Chairs or of course our Trustees. We

are truly blessed to have such busy senior people in the NHS working so hard to make HFMA the success it is.

For the first part of this year we were ably led by Andy Hardy who as President impressed upon us his theme of 'Leading by Numbers'. We would like to thank Andy for the considerable time and effort he put into the presidency. His desire and will for HFMA to succeed is apparent to everyone who meets him. We would also like to thank Suzanne Tracey and Mal Turner, two trustees who are stepping down at this AGM.

The branches also had a very active year and we were particularly pleased with the response to Sue Lorimer's presidential theme of 'Stronger Together'. 28 courses were commissioned and run by branches with a total of over 2,000 CPD hours. We would like to thank all of our branches for sterling work in this area.

During 2014-15 we continued to host and were formally recognised as Prime Partner for Future Focused Finance ("FFF") and committed £100,000 of our revenue to support the initiative. HFMA are proud to be at the heart of FFF and are excited about the future we can create together with them.

2014-15 was the first year of our

new strategy. In this first year we have developed our member offer, created more value for members through our increased policy and research programme and we have strengthened our balance sheet.

In partnership with FFF we are now working towards the launch of our qualification in 2016-17 as well as new initiatives in membership and a new website. We continue to develop our policy output amid a fevered and high pressure time for finance professionals in the service.

As well as looking to develop new services such as a qualification, HFMA retains its long held desire for a Royal Charter even though attaining it is proving to be a longer process than we first envisaged.

There is a lot to be positive about at HFMA at the moment. We recognise a strong Association is good for the finance community as we continue to grapple with unprecedented change and financial challenge within the NHS. Thank you for reading this annual review and if all the volunteering, energy and enthusiasm gives you the thought that you might want to get involved, please do not hesitate as there are always spaces for more willing volunteers!

A vibrant branch network

The branch network is the heartbeat of HFMA and highlights of a very active 2014 – 2015 are listed here.



Eastern

- Flagship annual conference attracted 100 delegates
- Member feedback to eight events held throughout the year was 98.5% 'excellent' or 'good'
- Successfully delivered two well-attended 'Stronger Together' workshops supporting the Presidential theme



London

- An exponential increase in membership, fast approaching the target of 500 London members
- Six successful events held to date - all very well received and attended
- Annual conference - relevant topics delivered by dynamic speakers elicited complimentary feedback from the 5 sponsors and over 80 delegates in attendance
- Positive response to our first London newsletter launched in spring



East Midlands

- 100 plus delegates attended the annual conference with Roy Lilley as the keynote speaker
- Popular team building activity day
- Year-end networking event which included the review of accounting changes
- Approximately 800 CPD hours delivered through the annual conference and year-end network event



Northern

- Largest ever annual conference with 177 delegates in attendance
- Successful delivery of joint event with CIPFA North East, the Health & Social Care Finance Forum, incorporating networking with local authority colleagues
- Practical help for finance staff delivered through Pre-Accounts and Agreement of Balances event including influencing DOH colleagues



Kent, Surrey and Sussex

- Membership levels remain high at 222 members
- Successful delivery of a range of branch events including the annual conference which attracted 150 delegates
- Strategy day for branch executive to determine local strategy to align with the national approach



North West

- 160 delegates attended two-day annual conference
- Second year of HFMA North West Awards recognising achievements of finance staff
- A range of development events successfully delivered to members



Northern Ireland

- Over 160 delegates at Annual Conference which focused on challenges facing HSC and finance function
- Fred Armstrong Award, which represents high achievement of finance staff, was presented to Belfast HSCT at AGM
- Very successful 'Future Focused Finance' event explored working with non-finance professionals



Wales

- Another very successful Annual Conference, with keynote speakers including Director of Finance for Department of Health & Social Services and Director of Finance for BBC Centre of Excellence
- 3 HFMA Wales members being part of a group of 10 on a Study Tour to Victoria, Australia
- Launch of the HFMA Wales Local Champion initiative



Scotland

- Popular two-day annual conference attracting 98 delegates
- One-day networking event in Clydebank incorporating annual accounts technical support



West Midlands

- 340 delegates attended annual conference themed 'Strength in Numbers'
- Launch of HFMA West Midlands Awards, recognising achievements of finance staff in the region.
- Successfully delivered a wide range of events throughout the year delivering 7,405.5 hours of CPD



South Central

- Stable membership of just over 200
- Successful delivery of annual conference with over 100 delegates in attendance
- Feedback to events held throughout the year was 90% 'excellent' or 'good'



South West

- As of July 2015, 25 out of 40 organisations are now fully accredited.
- #Connect-Devon and Developing Talent Conference well attended with great feedback
- 252 delegates attended the annual conference
- 7,942.5 CPD hours delivered from July 2014 to June 2015



Yorkshire and Humber

- Over 200 attended a very successful two-day annual conference
- The launch of the Finance Leaders forum for all DoFs and CFOs in the patch, supported by Monitor, TDA and NHS England, which was a resounding success
- A number of varied events successfully delivered – all achieving feedback of over 85% 'good' or 'excellent'.



100

**ORGANISATIONS
JOINED THE
HEALTHCARE
COSTING FOR
VALUE INSTITUTE
IN ITS FIRST
6 MONTHS**

This has been a strong year for the Association's Networks with all reporting a growth in membership. The newest networks – the CEO Forum and Healthcare Costing for Value Institute – have been particularly well received. The Institute attracted 100 organisational members in its first 6 months as well as support from all the key NHS bodies, and over 120 NHS CEOs attended the two forums developed for them.

Network events have been well attended.

- 169 delegates at the Annual Foundation Trust Conference
- 155 delegates at the Commissioning Finance Conference
- 204 delegates at the Annual Costing Conference and 66 delegates at the Institute's first Value Masterclass
- More than 300 delegates at Commissioning Faculty forums
- In excess of 400 delegates at the provider faculty forums
- 187 delegates at Mental Health forums & conferences
- 157 Chairs, Non-Executives and Lay Members have attended faculty forums, over 60 have attended our induction programme, over 100 NHS Chairs attended the Annual Chairs' Conference and more than 70 audit chairs attended our Audit Conference

Highlights from the Networks.

- Gaining exclusive insight live from Harvard Business School from Prof Robert Kaplan at the launch of the Healthcare Costing for Value Institute
- The growth and maturity of our commissioning faculty, including the successful launch of a networking dinner on the eve of the commissioning annual conference

- A lively post-election providers session including exclusive insight from the media and from within government
- An audience with Don Berwick for both CEO and Finance Director Forums
- Exploring innovative partnerships and strategic alliances at a forum hosted by South Staffordshire and Shropshire NHS FT
- Interactive sessions to discuss the development of tariffs for education and training
- Bringing clinicians, service managers and finance staff together to discuss financially and clinically sustainable mental health services
- Video conferencing live to Bangalore to hear from Dr Devi Shetty – the Henry Ford of Healthcare
- Taking a group of finance directors on a site visit to the NHS Queen Elizabeth Gateshead Pathology Centre

Key NHS players such as Monitor, NHS England, NHS Trust Development Authority, Health Education England and NHS Clinical Commissioners have actively contributed to, developed and supported HFMA events.

Speakers have included chief political commentator for the Independent Steve Richards, Don Berwick, Stephen Dorrell, Sir Robert Francis QC, Paul Baumann, Nigel Edwards, public policy commentator Nick Timmins, Dr Devi Shetty from Bangalore, Geraldine Strathdee, David Bennett, Mike Farrar CBE and Professor Goran Henriks from Jönköping, Sweden.

100+

NHS CHAIRS ATTENDED THE ANNUAL CHAIRS' CONFERENCE



Publications

Committee members have supported the HFMA in the production of a number of publications including:

- The revised introductory guide to NHS charitable funds
- A medicine for managers briefing on general practice
- A number of briefings on the Better Care Fund
- A briefing on capital costs in trusts and the impact of PFI
- A checklist for mergers and acquisitions in the NHS
- A briefing on system leadership in the NHS
- An updated glossary for NHS finance and governance in England
- Summaries of the annual tariff and developments in critical care tariff
- A briefing on the impact of changes to the governance of NHS charities
- An updated briefing on the transfer of NHS charitable funds
- A briefing on the future of local audit arrangements in the NHS
- Publication of the clinical costing standards and supporting guidance for acute and mental health organisations as part of Monitor's Approved Costing Guidance
- A briefing on patient level information and costing systems (PLICS) for community services
- A briefing on costing healthcare in Germany

204

DELEGATES ATTENDED THE ANNUAL COSTING CONFERENCE



106,148

**CONTINUING
PROFESSIONAL
DEVELOPMENT
HOURS DELIVERED
TO ACCOUNTANTS**

**OUR
COMMITTEES
ARE THE SOURCE
OF MUCH OF
OUR THOUGHT
LEADERSHIP**

Committee Work

Our committees have contributed thinking and offered guidance on the following:

- Accounting and governance arrangements for the Better Care Fund
- Local auditor panels
- Salary sacrifice and the impact of the new NHS pension scheme
- Contracted out services (COS) guidance
- The national payment system and tariff
- The development of a tariff for neo-natal critical care
- Gain sharing in relation to non-tariff drugs
- The identification rules for specialised services
- The revenue recognition accounting standard
- The development of 2016/17 clinical costing standards and supporting guidance, focusing on mental health costing allocation methodologies, understanding the general ledger and improving the quality of source data
- The 2014/15 events, webinar and faculty programmes

We have also been involved in the development and launch of the Healthcare Costing for Value Institute.

The policy and technical team have been asked to contribute towards projects being undertaken by the NAO, the Kings Fund, the NHS Confederation, Monitor, NHS England and the Department of Health. The team also supported the HFMA's then President when he was asked to give evidence to the Public Accounts Committee and submitted evidence to the Health Committee inquiry into public expenditure on health and social care.

Our committees also commissioned surveys in relation to:

- The NHS financial temperature check (in December 2014 and June 2015)
- The first year-end for CCGs
- Internal audit and counter-fraud providers
- Off-payroll arrangements
- Non-healthcare spend by CCGs

Our then President Andy Hardy was asked to give evidence to the Health Committee inquiry into public expenditure on health and social care.





403

NHS ORGANISATIONS ARE NOW ENROLLED IN OUR PARTNER PROGRAMME

HFMA has had a hugely successful year. Highlights include:

The President's 'Stronger Together' theme commissioned 28 courses delivering over 2,000 hours of CPD.

HFMA's flagship conference held in December attracted a record number of delegates – 722 – all of whom enjoyed presentations from Roy Lilley, Steve Wilson (DOF NHS England), Professor Steve Peters, Kori Cornicelli HFMA US Chair and Sean Fitzpatrick amongst others.

We continued to host and were formally recognised as Prime Partner for Future Focused Finance ("FFF") providing the administrative and operational support to help make this exciting initiative a success.

A total of 144 local and national events were held across the country. These included our hugely popular pre-accounts planning and payment systems (formerly payment by results) events as well as numerous regional events run by our 13 branches.

HFMA, through events and our successful Online Academy programme delivered more than 106,148 continual professional

development hours to accountants – an increase of 2613 hours on last financial year.

HFMA's Online Academy programmes continue to be taken up by more and more organisations in and out of the NHS. More than 42,324 CPD hours were delivered via this medium in the year.

Regular meetings took place with the Department of Health, NHS England and senior officials at Monitor. We continue to develop key relationships across all organisations influencing the NHS agenda to ensure that finance has a strong voice at the top table.

As part of Monitor's Approved Costing Guidance, we continue to produce the Costing Standards.

We had 403 NHS organisations in our partner programmes, which is more than ever before.

We achieved a record amount of press coverage (142 pieces) with our Test the Temperature survey results amongst the highlights.

We provide the Finance Skills Development programme for South West, West Midlands and South



722

DELEGATES ATTENDED OUR FLAGSHIP ANNUAL CONFERENCE – A RECORD

Central with Scotland joining us this financial year.

We run the Finance Management Trainee Programme in the South West, West Midlands and South Central regions and were able to add another apprenticeship scheme to our portfolio during the year.

The devolved nations branches have been working hard. HFMA Scotland, Northern Ireland and Wales all ran successful annual conferences with high profile key speakers including senior figures in the Finance and Health Community from each nation.

We continue to produce news alerts, a regular magazine and briefings. Our webinar programme is well developed with 30 webinars run during the year – an increase on last year.

The surplus and turnover increased for the year at £303,000 and £7,592,000 respectively – which included a record amount of activity in commercial sponsorship, significant revenue from our Online Academy and £180,000 surplus from 110 Rochester Row's first year of training – which ensures a strong Association exists to support members and we can heavily subsidise all of our members services.

The table below shows the results for the year to 30 June 2015 with comparatives for the previous three years.

It has been another year of considerable investment at HFMA in the team that delivers member services and this combined with the financial pressures facing the NHS make it all the more pleasing to report that HFMA achieved an overall surplus on Group activities of £303,000, an increase over last year.

The increase in activity is demonstrated financially by the increase in revenue and expenditure year on year. Practically this increase means doing more of what we do in all member focused activity (whether it be branch and national events, committee and faculty meetings, briefings, policy work, e learning, webinars etc). These activities are measured in the key performance indicators noted in the President and Chief Executive's report. The increase in income also reflects the growing commercial activity with our corporate partners, to whom we are indebted, the first full year of Future Focused Finance and a considerable increase in the level of activities taking place at our conference facility, 110 Rochester Row in Victoria, London.

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Turnover	4,039	5,637	5,920	7,592
Expenditure	(3,546)	(5,237)	(5,717)	(7,289)
Surplus	493	400	203	303
Funds at start of year	3,053	3,546	3,946	4,149
Funds at end of year	3,546	3,946	4,149	4,452



Our conference facility 110 Rochester Row operated at high capacity in its first full year of trading, and is now the venue for many NHS meetings and events.

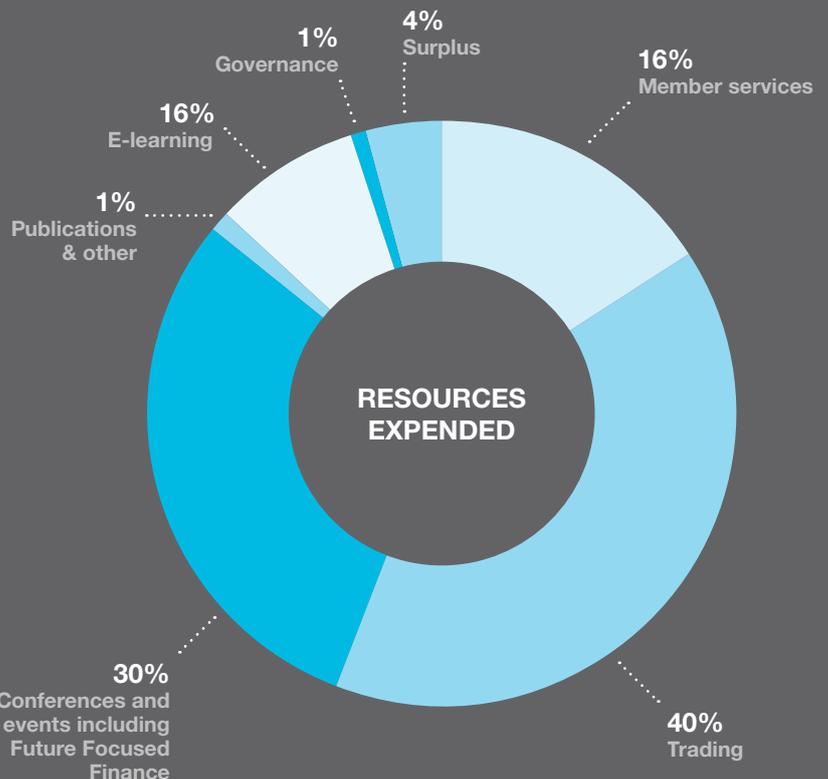
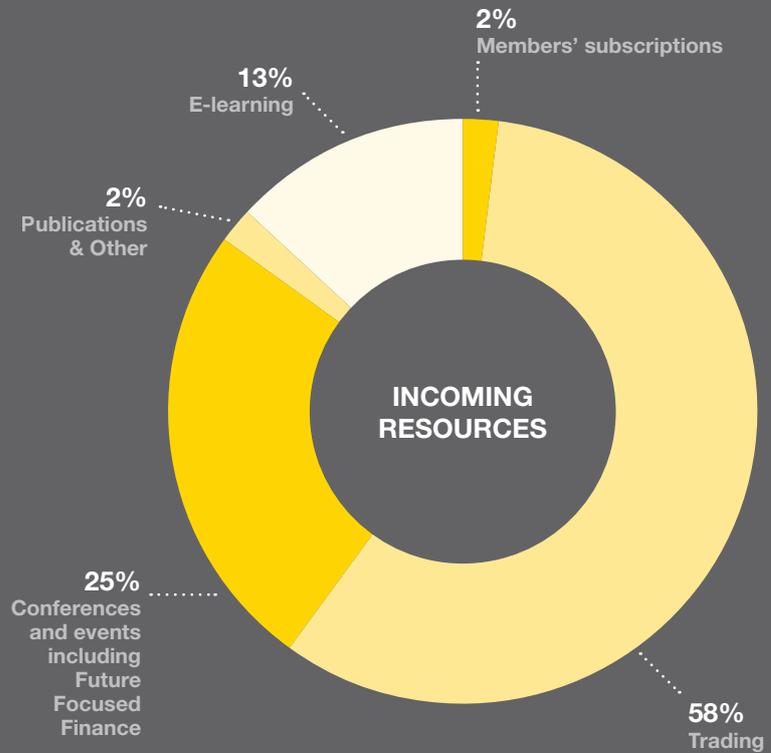
These pie charts illustrate where our revenue comes from and how we spend it.

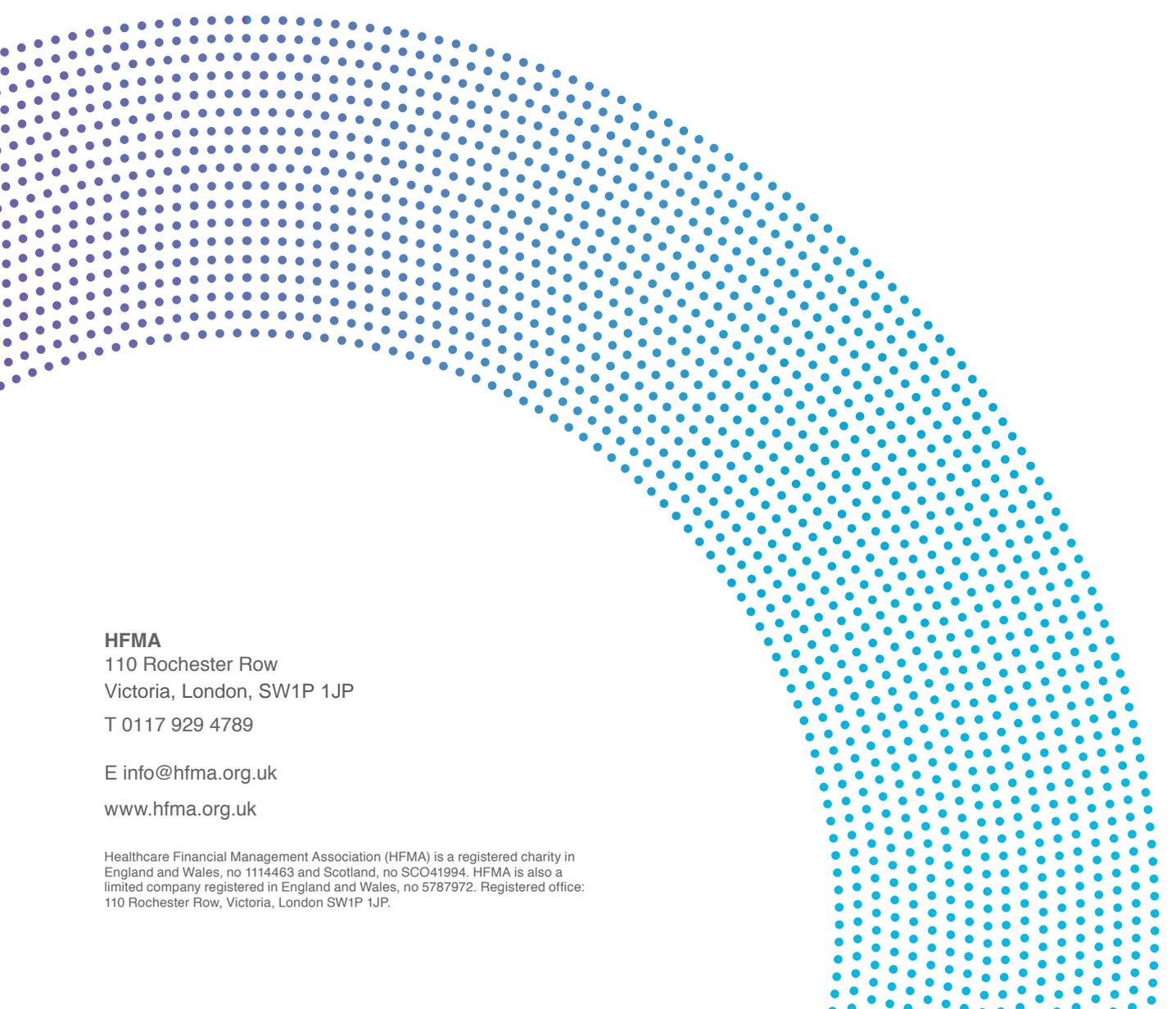
As demonstrated in these charts and in line with HFMA's charitable aims and objects, trading activity supports member services and the conferences and events programmes where expenditure is considerably greater than income.

Conferences and events continue to be the backbone of HFMA's activity utilising 30% of the resources available (generating 25% of total income) and providing CPD and networking opportunities for members.

Member services represents the cost of supporting our members. Amongst the many activities we perform, the biggest element of the cost relates to policy and technical work. The cost of member services represents 16% of the Association's total expenditure. However, membership income represents only 2% of total income of the Association.

These activities are only possible because of the success of our trading activity which makes up 58% of group income but only 40% of group costs.





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