

HFMA introductory guide to NHS finance

Chapter 1: Introduction



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1.1 About the guide

For more than thirty years, the *Introductory guide to NHS finance* has provided an easy to read, accessible overview of the workings and language of NHS finance for the benefit of practitioners and observers. The guide is produced by the Healthcare Financial Management Association (HFMA), a charity established over 70 years ago to support those working within the NHS finance function. By improving financial literacy both within and outside NHS finance, the HFMA hopes it can inform and improve the debate on healthcare finance issues.

The guide has been developed to provide a self-contained source of advice and guidance for readers from an array of backgrounds. There are many aspects of NHS finance that are unique to the service, and a language laden with jargon, abbreviations and acronyms has developed that can appear impenetrable to many outsiders or newcomers. Indeed, as the terminology develops with each set of reforms, even the most experienced NHS finance professionals can find themselves in unfamiliar territory.

The guide aims to provide advice to all levels of finance staff from finance directors (who often use it as an aide memoir to more recent changes) to governors and lay members; non-executive and executive directors (who may not be finance specialists but still have shared corporate responsibility for understanding and managing the financial position); clinicians; budget holders; service managers; accounts assistants and those who need an understanding of NHS finance for academic study purposes.

Over the years the guide has grown in size as it tries to provide an overview of both the current finance regime along with a sense of how the approach has developed over the years. Nevertheless, it remains (as its title suggests) an introductory guide that gives a reasonably straightforward but comprehensive description of NHS structures and processes.

1.2 Approach and format

This version of the introductory guide is the first to be made available online, but it follows the approach readers will be familiar with – namely that each chapter treats its topic in a largely self-contained way. Cross-references are included where they are helpful, and sources of further information and learning from the HFMA are listed at the end of each chapter.

This version of the guide is being published at a time of significant change for the NHS, across all four nations. In England, the *Health and Care Act 2022* will change the shape of the NHS when it is implemented. In Northern Ireland, the development of a new integrated care system, signals a new way of planning and managing health and social care services for the nation. By publishing online, the guide can be updated more frequently to recognise these changes as they are enacted. It is expected that the guide will be updated on a quarterly basis, so that it will remain relevant and continue to provide timely information for those who need to refer to it through organisational and structural changes.

The bulk of the guide concentrates on the financial arrangements for the NHS in England but chapters dedicated to highlighting key differences in Northern Ireland, Scotland and Wales will be added shortly.

The guide ends with a glossary of terms and abbreviations.

The HFMA maintains a directory of resources which provides links to other HFMA outputs such as briefings and webinars across a range of subjects. It also highlights e-learning courses that are available. [The directory of resources can be found here.](#)