

**HFMA introductory guide to NHS finance**

# **Chapter 1: Introduction**



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## 1.1 About the guide

For over 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 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.

The bulk of the guide concentrates on the financial arrangements for the NHS in England with separate chapters dedicated to Northern Ireland, Wales and Scotland. These chapters identify the key issues and differences for those health systems.

The guide ends with a glossary of terms and abbreviations.

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

## 1.2 What's new in this edition

Each edition is updated for new developments; links to key documents and guidance are amended as required. Significant updates incorporated into the April 2024 edition include:

- The Chancellor of the Exchequer's Spring budget 2024 (chapter 12)
- 2024/ 2025 planning guidance and financial directions (chapters 13 and 14)
- Comparative spend on healthcare across nations (published by the Organisation for Economic Co-operation and Development (OECD)) (chapter 12)

- An updated section (18.4) on financial sustainability within the NHS including the HFMA's recent definition and illustrative diagram
- Reference to the updated HFMA audit committee handbook and developments relating to board appraisal and leadership (chapter 10)
- Additional graphic detailing how national allocations flow to NHS bodies (section 12.8)
- Chapter 2 relating to the structure and development of the NHS has been redesigned.

In England, the *Health and Care Act 2022* is still changing the way the NHS works together. 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. Wales is in the process of developing a national executive function that will strengthen national leadership and support the continuing transformation of services. Scotland is looking to introduce a National care service (NCS), working alongside the NHS in Scotland, to allow more effective service provision and facilitate greater integration and partnership working.