



Company number: 11390175

Charity number: 1178741

Faculty of Medical Leadership and Management

Annual Report and Financial Statements

For the year ended 31 December 2021

Faculty of Medical Leadership and Management

Contents

For the year ended 31 December 2021

Reference and administrative information	1
Chair's Foreword.....	2
Chief Executive's Introduction	3
Trustees' annual report	5
Independent auditor's report	21
Consolidated statement of financial activities (incorporating an income and expenditure account)	24
Balance sheets	25
Consolidated statement of cash flows	26
Notes to the financial statements	27

Faculty of Medical Leadership and Management

Reference and administrative information

For the year ended 31 December 2021

Company number 11390175

Charity number 1178741

Registered office and operational address 34 Red Lion Square, London, WC1R 4SG

Country of registration England & Wales

Country of incorporation United Kingdom

Trustees

Professor Mayur Lakhani	Chair (appointed Chair 1 January 2020)
Ms Jenny Ehrhardt	Treasurer (appointed 1 June 2017)
Dr Philip Kloer	Ordinary Trustee (appointed 18 June 2019)
Mr Alastair Henderson	Ordinary Trustee (appointed 30 March 2019)
Dr Taj Hassan	Ordinary Trustee (appointed 1 April 2017)
Prof Bee Wee	Co-opted Trustee (appointed 1 November 2019)
Prof Kamila Hawthorne	Co-opted Trustee (appointed 26 November 2019)
Ms Nargis Ara-Ranaldi	Lay Trustee (appointed 1 November 2019)
Mr Mark Spragg	Lay Trustee (appointed 1 November 2019)
Mr David Bennett	Lay Trustee (appointed 1 November 2019)

Key management personnel

Mr Peter Lees	Chief Executive
Ms Kirsten Armit	Chief Operating Officer
Dr Paul Evans	Medical Director

Bankers

Charities Aid Foundation Bank (CAF Bank Limited)
25 Kings Hill Avenue
Kings Hill, West Malling,
Kent ME19 4JQ

Solicitors

Bates Wells Braithwaite
10 Queen Street Place
London EC4R 1BE

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
London EC1Y 0TL

Chair's Foreword

The year presented further challenges to healthcare leadership through the ongoing Covid-19 pandemic, the increasingly obvious crises presented by climate change and the ongoing structural inequalities in healthcare. Additionally, the year also marked the 10th anniversary of FMLM and a number of our members and fellows being recognised in the Queen's New Year and Birthday Honours, among them our Chief Executive, Peter Lees, receiving an MBE for services to medical leadership.

With healthcare's leadership and workforce dealing with the challenges of Covid-19 and recovery and restoration, FMLM's 10th anniversary celebrations, launched at the beginning of the year, were purposefully low key. We focused on celebrating the milestones reached as an organisation and our growing community of leaders, as well as placing the key issues of sustainability and tackling inequality of access to – and career attainment in – healthcare, as central planks of support for both our incredibly valuable workforce as well as the care of our patients.

Tackling racism and building fairer systems to address structural inequalities in healthcare access and outcomes, as well as the urgent green agenda in healthcare, were among the key topics of discussion at our annual international conference in November. The post-Covid world presents us with the opportunity to learn, plan and lead a very different agenda in future, one that is beneficial for both the workforce and for patient care.

Medical and dental leadership has never been more important. This is a time of opportunity for those who are, and who aspire to be, medical and dental leaders; to create the best possible futures for the workforce and the communities we serve, and FMLM is proud and privileged to support that.

Professor Mayur Lakhani CBE

FMLM Chair

Chief Executive's Introduction

As FMLM's 10th anniversary dawned, we recognised the contribution that many have made to the development of the UK professional home for medical and dental leadership. Throughout 2021, the Covid-19 pandemic continued to rage with varying ferocity so the needs of FMLM's membership remained a strong focus. After the significant challenges 2020 posed to the organisation's resilience, 2021 yielded the strongest performance to date and offered the opportunity for a significant refresh in a number of areas. The new five-year strategy, developed in 2021, defined three core functions of FMLM: professionalisation of medical and dental leadership; research and the promotion of evidence; and individual and organisational leadership development. All are underpinned by the need to promote equality, diversity and inclusion and sustainability. The third edition of the *Leadership and Management Standards for Medical Professionals* was published with enhancements to system leadership. Membership numbers continued to grow, and the number of members awarded fellowship FMLM Fellowship grew to over 200.

An embryonic research arm was created, strong academic collaborations were established and FMLM secured its first significant research grant. Our sister organisation, the Royal Australasian College of Medical Administrators (RACMA) adopted the British Medical Journal Leader (BMJL) as its official journal and FMLM continued to publish widely in the academic literature. The year ended with our annual international conference, in partnership with the British Medical Journal (BMJ), at which we launched FMLM Navigator, the new career guidance, CPD and leadership development app for doctors at all stages of the medical career.

FMLM continued to play a major role in supporting medical and dental leaders facing the rigors of leading through the pandemic and multiple new development programmes were commissioned with hundreds of participants. We also marked 10 years of managing the National Medical Director's Clinical Fellowship Scheme. This has grown and diversified over the decade, firstly into dentistry and pharmacy. In 2021, we launched a new, multi-professional NHS Regional Clinical Fellow Scheme and a new alumni scheme in partnership with NHS England and NHS Improvement. Nationally, we also established three new schemes sponsored by the Chief Sustainability Officer, the Chief Nursing Officer and the Chief Scientific Officer. We were very pleased to be joined in the supporting education programme by fellows from sister schemes across the home nations. The year culminated with Professor (now Sir) Jonathan Van-Tam, Deputy Chief Medical Officer for England, delivering the annual Keogh lecture in which he shared his reflections on science, clinical leadership and the Covid-19 pandemic.

The work of our Trainee Steering Group (TSG) grew from strength to strength with a range of initiatives including the launch of the *FMLM Leadership Commitment for Junior Doctors* to encourage healthcare organisations to recognise and support the leadership development of junior doctors, as well as the hugely supportive *Introduction to Leadership Development*, a series of free, monthly webinars.

FMLM continues to grow as a vital community to provide the support our members and fellows need, and to add value to the profession by upholding the standards of leadership and improving patient care.

Mr Peter Lees
FMLM Chief Executive

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

The trustees present their report and the audited financial statements for the year ended 31 December 2021.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

The objects of FMLM are:

- (a) for the public benefit, to advance education and knowledge in the field of medical leadership and management and promote research in all aspects of the subject and to publish the useful results; and
- (b) for the public benefit, to advance health through setting the highest professional standards and competences for medical leadership, management and quality improvement, the main activities undertaken in relation to those purposes.

FMLM meets these charitable objects and achieves public benefit through a range of activities including the following:

- Set the standards for medical leadership and award fellowships against these standards
- Provide membership services including access to the latest research in medical leadership and management, mentoring and online development opportunities, such as webinars
- Contribute to the research base for medical leadership and management
- Annual international and national conferences to promote best evidence-based best practice.

Mission statement:

FMLM will work to establish its role as the professional home for medical leadership* and promote excellence in leadership on behalf of all doctors in public health, mental health, primary and secondary care, from medical student to medical director and chief executive, and for all UK healthcare providers and healthcare related organisations in all sectors.

(*dental leadership is encompassed in the term medical leadership)

Vision and core values:

'To champion, influence and develop excellence in medical leadership to drive continuous improvement in health and healthcare.'

FMLM works to professionalise medical leadership by setting and benchmarking against standards that are aligned with the General Medical Council's Good Medical Practice and underpinned by the research evidence linking leadership to quality of care and patient outcomes.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

The year to 31 December 2021 was the fifth of the five-year 2017/21 strategy and the third as a registered charity. The performance and achievements in the year are summarised below.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

FMLM's main activities include:

- Establishing and maintaining professional standards of leadership; assessing individuals against these standards; awarding fellowship (at three levels of seniority) to doctors and dentists who have demonstrated that they meet the standards
- Developing and supporting a membership of doctors and dentists at all career stages (including students); providing educational and training resources and leadership development opportunities including conferences, educational events and programmes
- Promoting, disseminating and contributing to the research evidence about leadership and leadership development in healthcare
- Supporting individuals, teams and organisations to improve their medical leadership, through interventions which include leadership development programmes, (psychometric) diagnostic tests, mentoring and coaching
- Acting as a designated body for revalidation, according to The Medical Profession (Responsible Officers) (Amendment) Regulations 2013. The regulations make specific provisions that FMLM act as Designated Body for the National Medical Director (and their deputies) of NHS England, of which it duly undertakes.

Examples of FMLM's leadership development programmes include 'Tomorrow's Strategic Leader', a multi-module programme aimed at new consultants/GPs and senior trainee doctors; and the College Office Bearers' programme, which helps experienced doctors hone their skills in preparation for a senior leadership role in one of the medical royal colleges, including the role of college president.

An example of FMLM's 2021 educational events include the annual international healthcare leadership conference, Leaders in Healthcare, held in person and online in November.

FMLM Applied provides tailored leadership development programmes for organisations and is a wholly owned trading arm of FMLM. It essentially operates as an independent consultancy with a separate board of directors, including at least one FMLM Trustee, and reports to the FMLM Board of Trustees.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

FMLM also receives income from grant funding for research advertising on its website and, occasionally, from commercial partnerships.

Achievements and performance

Professionalising medical leadership

FMLM directs a major part of its work to improve patient care at the NHS and its medical workforce across the UK, and continues to engage with NHS England and NHS Improvement, the General Medical Council, Academy of Medical Royal Colleges, as well as individual medical royal colleges and faculties.

The year 2021 marked 10 years since FMLM's inception as a professional body and three years since it was established as an independent charity.

The third edition of the [FMLM Leadership and Management Standards for Medical Professionals](#) was published. It built on the individual competencies outlined in earlier editions and how they should be applied to the development of networks and more integrated patient care, as well as the health and wellbeing of local, regional and national populations. This aligned the Standards with the UK's new Health and Care Act (2022) as well as supporting an inclusive and diverse culture in healthcare.

FMLM began developing its [new five year strategy, 2022-2026](#), on which it consulted with stakeholders, including board members, fellows, the FMLM membership and key partners.

The FMLM team continued to award [FMLM Accreditation](#) to courses and programmes that met FMLM requirements on quality and adhered to the *FMLM Leadership and Management Standards for Medical Professionals*. More than 20 programmes, courses and medical school curricula now carry the FMLM marque to indicate high quality medical leadership teaching.

The introduction of the [FMLM Affiliated Organisations](#) initiative led to an excellent year of growth in 2021, where word of mouth and endorsement from NHS England and Improvement resulted in 12 organisations joining FMLM. The 12 affiliated organisations have set out to adopt the FMLM Standards and ensure the leadership and management component of their medical appraisal is fit for purpose. In addition, the organisations have benefited from their affiliation with the professional home for medical leadership through discounts on other FMLM services, including *FMLM Applied* work and *FMLM Accreditation*.

FMLM Applied

[FMLM Applied](#) operates independently to the FMLM charity and offers leadership and management expertise, as well as hands-on support, to teams, organisations, and systems. In 2021, FMLM Applied delivered 33 programmes to 21 different organisations. The programmes ranged from one day workshops to programmes with multiple workshops, coaching, and psychometric profiling. FMLM Applied worked with doctors and other healthcare leaders including medical directors, clinical directors, clinical leads, consultants, chief residents, and trainees. Programmes also involved multi-professional teams, including triumvirates of medical, nursing, and operational leaders.

Of the 21 organisations that FMLM Applied worked with, 16 were NHS organisations, including those funded by NHS England and Improvement. Other organisations included a royal college, a royal society, a

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

pharmaceutical company and two educational organisations. FMLM Applied expanded its associate network by bringing in eight new associates.

Medical director participants on one of the FMLM Applied programmes took part in the annual international conference, delivering a workshop on their experiences of leading in a challenged trust, which was well received.

FMLM Applied appointed two associates on a retainer basis to help develop new offers; Dr Tony Berendt, former Medical Director at Oxford University Hospitals, an FMLM Founding Senior Fellow and Senior FMLM Applied Associate, is designing a spiral curriculum to offer trusts a template to guide the leadership development of their doctors at all levels, from new consultants to senior medical leaders. Dr Andy Haynes, a former strategic transformation partnership medical director, was appointed to lead the development of an offer around systems leadership, specifically within the new English integrated care systems that will further FMLM's understanding of the requirements of leaders to operate effectively within these new and complex systems.

FMLM research

In 2021, FMLM commenced two research projects and developed plans to expand its research work to enhance the organisation's impact and reputation. The first project focused on research into the role of medical directors and chief medical officers in the UK to develop a better understanding of an incumbent's progression to and experience in the role, as well as their thoughts on their future career. Results will be published in 2022. The second project secured a substantial research grant from the Dinwoodie Charitable Company to investigate what works in leadership development and assessment for postgraduate doctors in training. This work will also involve developing guidance and a train the trainer development programme. Work on these research projects is ongoing and will report in 2022.

In November 2021, FMLM's senior management team, along with selected associates and members of the FMLM Applied Board, and Finance, Audit and Remuneration Committee, came together to explore ways in which the FMLM charity and FMLM Applied can maintain and grow its products and services relevant for the ever-changing UK healthcare system. The potential need for investment was acknowledged and the committees agreed to the development of FMLM's research programme in 2022, to enhance knowledge of and FMLM's reputation in thought leadership and leadership development. There was agreement to invest in a range of market, business, and academic research to allow both the FMLM charity and FMLM Applied to:

- **Develop a reputation** as an organisation aware of the current issues and challenges facing healthcare and can translate this into effective developmental support for leaders, teams and organisations, with a particular focus on medical and clinical leadership
- **Build relationships** across healthcare and the research sector, to grow the evidence base to inform the practice and development of contemporary leadership
- **Create valued services and products** that utilise the knowledge base gained from research and relationships.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

Associates were appointed in 2021 and will lead on key areas of research, including programmes in integrated care systems (Dr Andy Haynes), primary care leadership (Dr Sarah Schofield), and medical leadership in organisations (Dr Tony Berendt). In 2021 FMLM identified then need for a Director of Corporate Services and designed a role to be advertised in 2022, to allow the current Chief Operating Officer (Ms Kirsten Armit) to significantly develop the research activities of FMLM.

FMLM continued to work with BMJ as joint owner of the online scientific journal, BMJ Leader, to which FMLM members have access as part of their membership.

Leadership development

The third cohort of FMLM's flagship leadership development programme, [Tomorrow's Strategic Leader](#), for senior trainees, early consultants and GPs, was delivered throughout 2021. The cohort, consisting of 15 participants from a range of secondary and primary care specialties, took part in six of the 10 delivery days. An interim evaluation of the programme indicated that 83 per cent of participants rated the programme four stars and above in a scale of one to five.

The seventh cohort of the *FMLM College Office Bearer's Leadership Development Programme* was delivered in 2021. Thirteen participants attended from a range of medical royal colleges and faculties. The programme reverted to mainly face to face delivery following easing of Covid-19 restrictions.

The first *FMLM College Council Leadership Development Programme* was delivered to 17 participants during 2021. The programme is designed to help new members of college councils to get the best from their roles. In 2021, the programme was delivered, online, over two half days, by a faculty of high-profile senior leaders drawn from the NHS and affiliated healthcare organisations. The programme evaluated well, with 75 per cent of respondents rating their overall satisfaction as four stars and above in a scale of one to five.

A new *Wales Connect and Support* programme commenced in late 2021. The programme, open to FMLM members in Wales, provided seven facilitated action learning sets, spread over seven months, with the intention that the group continue with self-facilitated monthly action learning sets.

FMLM's [Clinical Fellow Scheme](#) portfolio has significantly increased profile and scope throughout 2021. The portfolio is now comprised of seven schemes, six national and one regional.

Building on the established National Medical Director's, Chief Pharmaceutical Officer's, and Chief Dental Officer's Clinical Fellow Schemes, FMLM developed and launched additional clinical fellow schemes for the Chief Scientific Officer, Chief Sustainability Officer, Chief Nursing Officer, and the multi-profession NHS Regional Scheme. In total, 101 clinical fellows were appointed to FMLM-managed schemes in 2021.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021



*MP indicates a multi-profession cohort

To manage the new activity and volume, FMLM re-invested and completed major adaptations and improvements to scheme recruitment materials, processes, and platforms. Subsequent pre-launch and post recruitment phases can now track and report key information in real time and generate accurate information to support further development of established schemes and potential future opportunities within the FMLM-managed clinical fellow scheme portfolio.

Following an options appraisal and business case, FMLM deployed a learning management system (LMS) to deliver educational programmes throughout 2021 and in subsequent years to clinical fellows from England, Wales and Northern Ireland. The LMS is also providing a suite of available resources that are accessible beyond clinical fellowship and specifically to the [Clinical Fellow Scheme Alumni](#).

The [FMLM Medical Student Leadership Scheme](#) welcomed 11 students onto the programme in 2021. The student participants spent six weeks working in a national healthcare-affiliated organisation outside of clinical practice; the Scheme followed the style of national clinical fellow schemes. Host organisations which supported the Scheme, included: the Care Quality Commission, General Medical Council, Health Select Committee, Healthcare Quality Improvement Partnership, NHS England, and the Health Foundation. More than 90 per cent of students who responded to the evaluation survey rated the Scheme as five on a scale of one to five.

Annual international conference

The international conference in 2021 was delivered in a hybrid format with two days in person at the Barbican Centre in London, and two days online. The conference attracted 881 attendees from more than 30 countries, of which more than 71 per cent were paying delegates and 41 per cent were FMLM members. Delegates attended from around the world; the top three countries represented by registrations were the

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

UK (from all four nations), Australia, and the USA. The event received an average of more than four out of five stars in the post-event evaluation, with outstanding highlights including networking, speed coaching, interactive workshops, and keynote speakers.

Membership

FMLM membership grew at an encouraging rate in a trend that has been in evidence since 2019. The launch of [FMLM International Membership](#) saw uptake from more than 20 countries, and details on a forthcoming FMLM International Fellowship were agreed. The end of the year saw the launch of our first mobile app, [FMLM Navigator](#), which became available for FMLM members to use. Applications for [FMLM Fellowship](#) continued to be received at an encouraging rate, given the healthcare pressures. Work to improve the fellowship application and assessment process, including the full digitisation of the application system, was completed, and resulted in an easier, more efficient system for both applicants and assessors.

Membership at the end of 2021 numbered 2,629 individual members (a 5.41% increase on 2020), including:

- Post-CCT (44.8%)
- Trainees (32.9%)
- Students (10.7%)
- Fellows (7.7%)
- Non-medical associates (1.8%)
- International (1.4%)
- Retired medical (0.7%)

The stated ethnicity of FMLM's total membership in 2021 remained similar in diversity to 2020; there was an increase in the proportion of members who did not declare their ethnicity:

- White (49.8%)
- Asian (20.3%)
- Black (4.9%)
- Mixed (2.8%)
- Arab (1.1%)
- Other/not stated (21.1%)

The gender split in FMLM's membership in 2021 showed a slight increase in the proportion of women:

- Male (55.9%)
- Female (44.0%)
- Not stated (0.1%)

Beneficiaries of our services

The ultimate intended beneficiaries of FMLM's activities are patients, who benefit from better and safer care through better medical leadership. However, this is tenuous and difficult to measure.

The immediate beneficiaries of FMLM's services and activities are its membership, which mostly comprises doctors at all career stages from medical student to medical director and chief executive. At the end of 2021, FMLM had 2,629 members who had access to benefits including mentoring, the latest research in medical leadership through FMLM's jointly owned scientific journal, *BMJ Leader*, and access to a wide range of activities including conferences, webinars, and interest groups (such as medical students and trainee steering groups). FMLM measures its impact through membership surveys, which, due to the pandemic, have been reduced to a minimum to avoid the impact on doctors' time.

FMLM measures the impact of its leadership development programmes by the FMLM charity and FMLM Applied through qualitative and quantitative measures, including commissioned research into the impact of a programme, such as *Tomorrow's Strategic Leader*. FMLM Applied often returns to a client some months later to assess the longer-term impact of its earlier leadership development interventions.

Financial review

FMLM's results for the year are shown in the Statement of Financial Activities (SOFA).

The actual performance result for the year is an FMLM group net surplus of £531k (£489k for the FMLM charity).

A breakdown of income for FMLM:

- Professional body services, including membership and fellowship (23%)
- Development, education and training services (45%)
- Events (0.60%)
- FMLM Applied (28%)

The total FMLM group (FMLM charity, including FMLM Applied trading company) income for 2021 was £2,145k (£1,322k in 2020).

A breakdown of expenditure for FMLM:

- Professional body services, including membership and fellowship (5%)
- Development, education and training services (10.5%)
- Events (0.5%)
- FMLM Applied direct costs (17%)
- Staffing and related costs (53%)
- Other administrative costs (14%)

The total FMLM group expenditure for 2021 was £1,615k (£1,294k in 2020).

Trustees' annual report

For the year ended 31 December 2021

The costs of all income generating activities were £150k (22%) below budget. The actual income generated was £351k (20%) above budget, this was largely due to several new clinical fellow schemes being added to the existing portfolio and raising an unbudgeted surplus. Staff costs, at £785k, the highest source of expenditure, were 16% higher than the prior year mostly due to the reimbursement of the staff salary sacrifice from 2020, plus additional staffing costs associated with HR, data protection and associate costs for growing and developing the primary care area.

Despite the ongoing impact of the pandemic as well as winter pressures, direct costs were kept to a minimum through significant team effort, and income exceeded budget in a number of key areas, which contributed to the positive outturn in performance.

Statement on fundraising

FMLM does not engage in public fundraising and does not use professional fundraisers or commercial participators. FMLM nevertheless observes and complies with the relevant fundraising regulations and codes. During the year there was no non-compliance of these regulations and codes and FMLM received no complaints relating to its fundraising practice.

Principal risks and uncertainties

FMLM has reviewed and updated the key strategic risks identified in 2021 for the FMLM charity and FMLM Applied, which are summarised below.

Strategic risks

- 1. Staff wellbeing and impact on service delivery**
Staff continued working from home throughout 2021. The impact of this was possible risks to staff well-being (and their families) which could result in reduced service delivery and team connectivity. Regular team meetings, staff surveys, reviews of workspaces, access to an Employee Assistance Programme, online social events and regular check-ins ensured staff were supported and morale and team working remained high. An external organisation was contracted to review team structure and roles in 2021 which involved the whole team and culminated in a team away day towards the end of 2021. Despite the risk of Covid-19, attendance and engagement in team events remained stable and the team came together for the Leaders in Healthcare conference in November 2021.
- 2. FMLM Applied and leadership programmes – programme income and delivery**
Due to the ongoing impact of the pandemic, pressure for healthcare organisations to resume services, and government guidance restricting in person gatherings there was a risk FMLM Applied and other leadership development activity would be significantly reduced or cease. This was mitigated by regular communication with clients, Associates and participants to reschedule planned programmes or for programmes to be adapted for online delivery.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

3. FMLM Membership and Fellowship – income

There was risk that membership and fellowship income could fall as all existing and potential new members and fellows were impacted personally and professionally by the pandemic and therefore potentially may not have prioritised their membership or fellowship. However, at the end of 2021, membership numbers were higher than all previous years and the FMLM membership team applied contingencies to reduce the number of members who naturally leave each month and focused on new avenues via affiliated organisation membership and international membership, both still in their infancy in 2021.

4. FMLM governance – breach of deadlines and Trustee engagement

There was a risk that Trustee engagement could fall as we moved to online meetings. However, the move to online board meetings was welcomed and engagement remained stable. All reporting deadlines were met and FMLM processes which ensure that the governance risks of non-compliance with statutory reporting are low were robust. The Board also accepted a paper that significantly increased the engagement of stakeholders and members and proposed to replace Council, as previously constituted, thereby strengthening overall governance.

5. Leaders in Healthcare – loss of income and/or irretrievable high costs

In early 2021, there was uncertainty about whether the conference could go ahead as a face-to-face event due to the ongoing pandemic and government restrictions which would have had an impact on income. In addition, there may have been a risk of incurring irretrievable high venue costs should the event go ahead with reduced numbers. These risks were reduced significantly following negotiation with the venue and a lifting of government restrictions on indoor gatherings. The conference was held face to face, in line with government guidance in November 2021 with attendance of over 800 delegates.

Reserves policy

FMLM's activities, together with the factors likely to affect its future development, performance and financial position, are set out on pages 5 to 11. The financial position of FMLM, its cash flows, liquidity position pages 24 to 27.

FMLM continuously seeks to find and maintain new sources of income to further its activities and also mitigate any risk of over-reliance on major income streams.

The FMLM reserves policy is to hold on average half its annual expenditure £807k in reserve to enable FMLM to weather a temporary significant decrease in income and/or wind up the charity in an orderly manner, in line with best practice guidance for charities.

The FMLM reserves at 31 December 2021 were £1.3m. This represents five to six months' worth of the operational expenditure forecast for 2021. This policy may be reviewed in-year by Trustees where there is a strong business case for investment in critical FMLM activity that would lead to a reduction in reserves to less than six months operating costs.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

Going concern

The trustees having reviewed FMLM's financial position, the level of cash and reserves, together with the long-term projections, the systems of financial control and risk management in place, management's continued endeavours to deliver operational efficiencies, they believe FMLM is well placed to manage its business risks successfully. The trustees consider FMLM has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Trading subsidiary

FMLM's wholly owned trading subsidiary FMLM Applied's net profit for the year ended 31 December 2021 of £54k will be paid under gift aid to the charity in 2022. The principal activities of the company are providing high-quality clinical leadership development aimed at enhancing clinical leadership and engagement to improve patient care, creating and providing bespoke support programmes for individuals, teams and organisations.

The trading results and balance sheet of the subsidiary extracted from its accounts are set out in note 12 to the financial statements.

Plans for the future

FMLM celebrated its ten-year anniversary in 2021 and launched a refreshed five-year strategy. FMLM's plans for the charity in 2022 include:

- increasing membership beyond 2,500
- a two-day in-person or hybrid international conference in November
- building its international audience
- delivering high-impact national and regional activity
- continuing to support staff in new ways of working post pandemic

FMLM Applied's aims in 2022 include:

- further diversifying FMLM Applied's client base
- developing virtual and in-person leadership development offers

FMLM plans to commence delivery of its five-year strategy in 2022 and to continue to seek ways to further secure FMLM's long term financial stability.

Structure, governance and management

The Trustees of FMLM delegate day to day running of the charity to the senior management team (SMT):
Mr Peter Lees, FMLM Chief Executive
Ms Kirsten Armit, FMLM Chief Operating Officer
Dr Paul Evans, FMLM Medical Director

Trustees make decisions on the strategic direction of the charity, with a written strategy reviewed at least every five years. FMLM's previous strategy ran from 2016 to 2021. FMLM began developing its new five-

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

year strategy, 2022-2026 in 2021 and this was approved at the Board of Trustees meeting in December 2021. The overall purpose of FMLM remains consistent but we have refined our vision the main areas of focus for the next five years were agreed as follows:

To deliver FMLM's vision, it has galvanised its main outputs into three areas:

1. The professionalisation of medical leadership
2. Improvement of the quality of leadership through evidence-based research
3. Leadership development.

In addition, FMLM proposes, over the next 5 years, to focus on:

Global sustainability and development of an 'FMLM green agenda' - Leadership will be crucial to drive forward the complex change programmes required to optimise effect on the health and wellbeing of future generations. As the professional home for medical leadership in the UK, FMLM is seeking to develop its 'green agenda' to:

Demonstrate commitment to creating a sustainable environment for health and healthcare

Incorporate 'green' philosophy into leadership development programmes, for example with the latest national clinical fellow scheme in collaboration with the NHS Chief Sustainability Officer for England

Create a culture of consideration of sustainability across the membership, with positive influence on the wider healthcare workforce.

Health and workforce inequalities – FMLM recognises the need to address evidence of health and workforce inequalities in terms of access and opportunity, outcomes and attainment; leadership is crucial to drive this change and secure improvement for patients and the workforce.

Expansion of Membership – Since its inception, FMLM has been a faculty that has supported the leadership of doctors and dentists at all career stages. However, there is a justified case to consider broadening the 'membership' of FMLM to include other clinical professionals, as leadership within healthcare is multi-professional and FMLM Standards are very generic. The expansion of national clinical fellow schemes to include pharmacists as well as doctors and dentists has started to introduce this concept, and the Regional Clinical Fellow Scheme will include participation of all clinical disciplines. In addition, the introduction of a scheme for clinical fellow alumni supports this expansion. Therefore, FMLM intends to explore the widening of membership, although due recognition of the individual professional bodies would be necessary.

Financial decision-making and assessment of risks are first reviewed by the Finance, Audit and Risk (FAR) Committee, a sub-committee of the Board of Trustees. The FAR committee makes recommendations to the board on budget setting, staff remuneration, investment strategy, reserves policy and risk management. In 2021 the FAR committee was chaired by Lay Trustee, Mrs Nargis Ara-Ranaldi and members were Treasurer Ms Jenny Ehrhardt, Lay Trustee Mr Dave Bennett, and the Senior Management Team were in attendance.

The organisation is a charitable company limited by guarantee, incorporated on 31 May 2018 and registered as a charity on 12 June 2018.

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association. FMLM commenced a review of its Articles of Association and creating Standing Orders in 2021 to reflect the evolving needs of the organisation. The Board agreed that the Articles should be amended to ensure the FMLM has a fit-for-purpose document that is future-proofed and enables the recently agreed enhancements to the governance structures.

All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 7 to the accounts.

Remuneration policy for key management personnel

In line with charity best practice, the FMLM Remuneration Committee is responsible for setting the pay for roles at the executive director level of organisation, ie the Chief Executive, Chief Operating Officer and Medical Director.

While the Remuneration Committee is not responsible for setting the pay of individual staff members below the executive level, it may take a view in liaising with the Finance, Audit and Risk Committee on guidance to the Board on pay rates and annual pay rises at the aggregate level.

Setting the FMLM pay policy:

The FMLM executive pay policy aims to attract and retain staff of the appropriate calibre and experience to lead FMLM. The pay policy sets out how pay is determined and what factors have been taken into account, these include:

- any comparators against which the pay of senior staff is benchmarked
- how FMLM's income, performance and forecasts will affect pay settlements
- FMLM's track record in recruitment, retention and performance of senior staff

The pay policy is reviewed annually, taking into account past and projected performance.

Senior staff remuneration, ie the SMT, was determined by the Board of Trustees based on recommendations from the remuneration committee. Pay for all other staff within FMLM is normally reviewed annually, based on organisation business performance, affordability and market comparisons.

At the end of 2021, FMLM had three members of staff who earned more than £60,000 a year.

Appointment of trustees

FMLM Trustees are appointed as follows:

- Chair – nominated and voted in by eligible members of FMLM
- Lay Trustees – open competitive recruitment (advert and interviews)
- Ordinary Trustees – appointed by the FMLM Board of Trustees
- Treasurer – appointed by the Board of Trustees
- Co-opted Trustees – appointed by the Board of Trustees

Trustees' annual report

For the year ended 31 December 2021

The FMLM Council was the professional decision-making body of FMLM and represented the membership. In July 2021, the Board accepted a paper that significantly increased the engagement of stakeholders and members and proposed to replace Council, as previously constituted. Six new committees were recommended which followed the format and style of FMLM's well-established and successful committees, such as the Finance and Resources Committee (FAR), the Standards Certification and Award Committee (SCAC), and the Revalidation and Appraisal Advisory Committee (RAAG). It was agreed that a new Professional Oversight Committee would be established to oversee the new sub-committees.

Trustee induction and training

Every FMLM Trustee receives an induction pack with information about the charity's governing document, key business areas and personnel, strategic plan, annual business plan and budget, committee structure and reporting lines. Trustees are also invited to meet staff from each business area to build an understanding of the work of the charity and how it meets its charitable aims through its support to members and wider activity.

Trustees receive information about their responsibilities as charity trustees and company directors, including copies of *The essential trustee: what you need to know, what you need to do* and *It's your decision: charity trustees and decision making*, essential guides from the Charities Commission.

Trustees are supported by the Board Secretary, a role which was performed by the Head of Corporate Affairs in 2021 and will be undertaken by the Director of Corporate Services (DCS) in 2022. The new DCS will be expected to support the Chair Elections and recruitment of any new trustees in 2022. The election and recruitment processes will be overseen by specific members of the Board.

Related parties and relationships with other organisations

FMLM Applied is a wholly owned subsidiary of FMLM the charity. It is a company limited by shares and its only shareholder is FMLM. FMLM Applied principally delivers leadership development programmes to organisations to help develop their medical leaders to improve patient care and safety. It delivers the programmes through a network of medical and non-medical leadership development professionals and is run on a day-to-day basis by the FMLM Chief Operating Officer and Chief Executive.

The FMLM Applied Board is chaired by Stephen Brooks, who previously sat on the FMLM Board as a Lay Trustee and has extensive consultancy experience. Other members of the FMLM Applied Board are:

Mr Peter Lees, FMLM Chief Executive

Dr Iain Wallace, former FMLM Chair

Ms Kirsten Armit, FMLM Chief Operating Officer

Ms Jenny Ehrhardt FMLM Treasurer

Mr Jamie Ward, Independent of FMLM, with significant leadership development experience

100% of the profits from FMLM Applied are gift aided to FMLM the charity.

Funds held as custodian trustee on behalf of others

Founded in 2016 by two NHS clinicians, TEDxNHS is the world's largest TEDx event license holder – representing the 1.5 million people who work across health and social care. Organised by the NHS for the NHS, TEDxNHS operates on a fully not-for-profit basis, with a multidisciplinary team of volunteers, made up of NHS staff from across the UK.

TEDx NHS is a movement and does not have a corporate body or finance function, so is unable to receive income or pay invoices. FMLM as a strategic partner of TEDx NHS provides basic finance services and holds funds for TEDx NHS to enable each annual event to run. Typical financial transactions include hire fees for the event venue and ticket receipts from attendees. FMLM does not charge a fee for its services but is recognised as a strategic partner in all event marketing.

Through FMLM's role as an incorporated body and in support of work led by National Clinical Fellows, FMLM provides financial handling services to the Empowering Student Leadership in Healthcare (ESLIH). This includes receiving and holding ESLIH funds, issuing invoices on behalf of ESLIH and paying invoices owed by ESLIH. These funds are kept separate from FMLM's accounts as they do not form part of FMLM's income, expenditure or funds. FMLM benefits from contributing to and being associated with ESLIH as a supporting partner.

Statement of responsibilities of the trustees

The trustees (who are also directors of Faculty of Medical Leadership and Management for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2021

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2021 was nine (2020: nine). The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The trustees' annual report has been approved by the trustees on 20 July 2022 and signed on their behalf by

Nargis Ara-Ranaldi
Chair of Finance, Audit and Risk Committee
Board of Trustees

Faculty of Medical Leadership and Management

Independent auditor's report

For the year ended 31 December 2021

Independent auditor's report to the members of Faculty of Medical Leadership and Management

Opinion

We have audited the financial statements of Faculty of Medical Leadership and Management (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Faculty of Medical Leadership and Management's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

For the year ended 31 December 2021

Other Information

The other information comprises the information included in the trustees' annual report, other than the group financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information, and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Act 2011 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

For the year ended 31 December 2021

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, finance committee, which included obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

Independent auditor's report

For the year ended 31 December 2021

- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the group operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the group from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

16 September 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006.