



Faculty of
**Medical Leadership
and Management**

Company number: 11390175

Charity number: 1178741

Faculty of Medical Leadership and Management

Annual Report and Financial Statements

For the year ended 31 December 2022

Faculty of Medical Leadership and Management

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Faculty of Medical Leadership and Management

Reference and administrative information

For the year ended 31 December 2022

Company number 11390175

Charity number 1178741

Registered office and operational address 167-169 Great Portland St, 5th Floor, London, W1W 5PF.

Country of registration England & Wales

Country of incorporation United Kingdom

Trustees

Sir Professor Mayur Lakhani	Chair (elected Jan 2020/re-elected Aug 2022)
Ms Jenny Ehrhardt	Treasurer (until May 2022)
Dr Taj Hussain	Ordinary Trustee (until May 2022)
Mr John Misselbrook	Finance and Business Trustee (from Nov 2022)
Dr Philip Kloer	Ordinary Trustee (re-appointed Jul 2022)
Mr Alastair Henderson	Ordinary Trustee (re- appointed Jul 2022)
Professor Bee Wee	Co-opted Trustee (appointed Nov 2019)
Professor Kamila Hawthorne	Co-opted Trustee (appointed Nov 2019)
Ms Nargis Ara-Ranaldi	Lay Trustee (re-appointed Nov 2022)
Mr Mark Spragg	Lay Trustee (re-appointed Nov 2022)
Mr David Bennett	Lay Trustee (re-appointed Nov 2022)

Senior Leadership	Professor Rich Withnall	Chief Executive Officer (CEO) (joined April 2023)
	Mr Peter Lees	CEO (until Nov 2022)
	Dr Paul Evans	Medical Director & Acting CEO (from Nov 2022)
	Ms Kirsten Armit	Director of FMLM Applied and Research
	Dr Daljit Hothi	Director of Leadership Development & Education
	Ms Yasmin Ali	Director of Corporate Services

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

I am pleased to present FMLM's annual report for 2022. This year has been a time of significant change for our organisation. We were honoured to appoint Professor Rich Withnall as our new CEO. Rich brings a wealth of experience in healthcare leadership, having served for 34 years in the Ministry of Defence, most recently as Director of Healthcare. He is also Chief Examiner and Medical Director at the Royal College of General Practitioners. I am confident that Rich will be a great asset to FMLM and will help us to achieve our ambitious goals.

We also said goodbye to our former CEO, Mr Peter Lees MBE, who has retired. Peter has been at FMLM since its inception, and I would like to take this opportunity to thank him for his service to FMLM.

In addition to these leadership changes, we also made several other significant appointments in 2022. Dr Daljit Hothi was appointed Director of Leadership Development and Education, and Yasmin Ali was appointed Director of Corporate Services. Our Board of Trustees also welcomed Finance and Business Trustee, Mr John Misselbrook FCCA. These appointments reflect FMLM's continued growth and our commitment to providing our members with the highest quality leadership development and support.

In 2022, we launched several new initiatives, including Leadership 720, an advanced leadership development programme for Clinical Fellow Alumni, and our international fellowship, which is available to non-UK registered senior individuals who have made exceptional contributions to medical leadership and management. We also held our annual International Healthcare Leadership Conference, which was a great success.

FMLM Applied, our commercial arm, continues to deliver exceptional leadership development programmes. In November 2022, we formed a new partnership with Advancing Quality Alliance (AQuA), a leading improvement agency. This partnership will enable us to offer our members even more comprehensive and innovative leadership development programs.

Despite the challenges posed by the uncertain economic climate and the ongoing pandemic, FMLM has continued to grow and innovate. We are confident that we are well-placed to support healthcare leaders in navigating change and challenges in the years to come. The COVID-19 pandemic has significantly impacted the NHS, putting immense strain on our healthcare system. Medical leaders have worked tirelessly to provide care to patients during these challenging times, and I am grateful for their dedication and commitment.

I believe that FMLM has a key role to play in supporting the development of high-quality medical leadership. We will continue to work with our members and partners to ensure that the healthcare system has the leadership it needs to deliver excellence in patient care.

Sincerely,

Sir Professor Mayur Lakhani CBE
FMLM Chair

Chief Executive Officer's Introduction

2022 saw a period of significant change for FMLM. The previous CEO, who was integral to the establishment of FMLM decided to stand down from this role after 11 years in post. I became the acting CEO in November 2022 to oversee the selection of a new CEO and support the organisation until the new CEO formally commenced the role. Professor Rich Withnall was the successful candidate, formally commencing the role of CEO in April 23, although he has been able to undertake a part-time induction since February 2023. The staff at FMLM have adjusted well to this change and I have been exceptionally well supported by my fellow directors in this transition period.

The three core functions of FMLM have been maintained: professionalisation of medical and dental leadership; research and the promotion of evidence; and individual and organisational leadership development. All these are underpinned by the need to promote equality, diversity, inclusion, and sustainability. Following a highly successful year in 2021, FMLM took the opportunity to invest in staff enhancement and improvement of working practices and systems to enable further growth of the organisation across all core functional areas. A critical role was the appointment of a Director of Corporate Services to oversee FMLM's business processes. This led to external reviews in marketing and communications and financial services, two key elements to support the effective growth of the business in the future. In addition, a new Director of Leadership Development and Education was appointed to lead in that core function and oversee the expanding clinical fellow schemes.

However, FMLM has experienced the direct impact of the rise of the cost of living and increasing inflation during the latter part of 2022. For the first time across all business areas individuals and organisations were questioning the affordability of FMLM support, be it individual membership or the commissioning of leadership development programmes, despite a recognition of the value of strong leadership in the health sector. Moreover, this was exacerbated by the enormous work pressures being experienced in the UK health service, because of the effects of the pandemic and significant workforce recruitment and retention issues in all health sectors.

Whilst membership of FMLM has remained static in 2022, the numbers successfully applying for Fellowship of FMLM (at three levels: Associate, Fellow and Senior Fellow) have continued to gradually increase and now stand at 238. This is important as Fellowship of FMLM provides a strong statement of an individual's credibility as a healthcare leader and offers their employer an opportunity to demonstrate their commitment to improve leadership capability within their organisation, in other words this fundamentally underpins the professionalisation agenda. In 2022, FMLM launched International Fellowship, for doctors or dental who have qualified and work overseas, and Collaborative Fellowship (at two levels: Associate and Fellow) for those non-doctors and dentists working in the health sector who wish to benchmark their leadership credentials against the FMLM Leadership and Management Standards for Medical Professionals. This latter qualification was introduced following encouragement from non-doctors and dentists on FMLM's Clinical Fellow Schemes.

The enthusiasm of trainees to develop their leadership skills is remarkable, whether as part of clinical fellow schemes or as trainee specialists. FMLM have worked with Health Education England to introduce an

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Trustees' annual report

For the year ended 31 December 2022

optional leadership component to their Annual Review of Competence Progression (ARCP) that has been well received by trainees. The Trainee Steering Group (TSG) continued to flourish during 2022 and the work of re-establishing the Medical Student Group (MSG) was commenced in the latter part of 2022, with thanks in particular to the support of the FMLM Douglas Clinical Fellow. The calibre of the new committee is exceptional and 2023 promises to be a year where our doctors of the future grasp the relevance of leadership qualities as they become medical graduates.

In summary, despite a difficult year, FMLM maintained its core value to promote leadership development that ultimately will enhance patient experience and improve patient care. Strong leadership within the health sector is crucial and medical and dental professionals must engage and spearhead this change.

Dr Paul Evans
FMLM Chief Executive Officer (Acting)
Medical Director

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Trustees' annual report

For the year ended 31 December 2022

The trustees present their report and the audited financial statements for the year ended 31 December 2022.

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.

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The year to 31 December 2022 was the first of the five-year 2022-26 strategy and the fourth 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 2022 educational events include the annual international healthcare leadership conference held 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.

FMLM also receives income from grant funding for advertising on its website and, occasionally, from event or conference sponsorships.

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 2022 marked 11 years since FMLM's inception as a professional body and four years since it was established as an independent charity.

The third edition of the [FMLM Leadership and Management Standards for Medical Professionals](#) were in place. The Standards 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.

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 2022, 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*.

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.

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Membership at the end of 2022 numbered 2,604 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 2022 remained similar in diversity to 2021; 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 2022 showed a slight increase in the proportion of women:

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

FMLM Applied

In 2022 FMLM Applied delivered 37 programmes to 25 different organisations. Programmes ranged from one day workshops to programmes with multiple workshops, coaching, and psychometric profiling. FMLM Applied worked a range of clinicians including Medical Directors, Clinical Directors, Clinical Leads, Consultants, Chief Residents, and Trainees. As pandemic restrictions lifted, many programmes transitioned from online delivery to a combination of online and in person delivery.

In 2022, FMLM Applied's main clients continued to be NHS organisations in England although work was also undertaken with a pharmaceutical company, a healthcare society, an educational institution, a deanery and one programme was self-funded by individuals. As Integrated Care Systems (ICS) were set up in England, FMLM established a steering group of newly appointed ICS Chief Medical Officers (CMO's). This group provided guidance on the design of a development programme for ICS CMOs. The programme is funded by NHS England, a pharmaceutical company and participating ICS's. This programme was advertised, and participants recruited in 2022, planned to commence in May 2023. One region also commissioned an action learning set programme for ICS Chief Medical Officers, and this started in October 2022.

FMLM Applied established a partnership with the Advancing Quality Alliance (AQuA), an NHS improvement agency that supports health and care organisations to identify, refine and embed sustainable strategies for high quality care and regulatory excellence. The aim of the partnership is to promote and improve the

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provision of medical and clinical leadership to better enable clinical and medical leaders to lead improvement and transformation, at team, organisation and system levels to deliver better health outcomes and experiences for both citizens and healthcare staff. FMLM Applied and AQuA will do this by seeking opportunities and work together on shared commissions around leadership development, safety and quality improvement.

FMLM Applied developed new case studies to demonstrate the range and impact of its programmes. Work has also been undertaken to improve FMLM Applied's marketing efforts by improving its online presence and developing new marketing materials.

FMLM Applied added seven new associates to the Associate Register in 2022, this includes individuals with a nursing, secondary care, primary care, public health and coaching background.

A strategic review of FMLM Applied was undertaken in late 2022 and the Board of Directors agreed to:

1. Build business development capacity and capability through current and new associates and develop partnerships with like-minded organisations where respective offers and areas of expertise are complimentary.
2. Diversify the client base within the NHS and beyond and develop new offers to meet the needs of medical and other healthcare leaders.
3. Move towards a more research-based approach in the way FMLM Applied evaluates its programmes which will enhance learning and add to the FMLM research aims.

FMLM Research

In 2022, FMLM completed the first half of a project to investigate what works in leadership development and assessment for postgraduate doctors in training. This project is funded by the Dinwoodie Charitable Company. With the literature review and surveys completed, guidance and a Train the Trainer development programme and outcomes of this project will be published online in 2023. FMLM also commenced a research project in 2022 to explore how newly appointed integrated care system (ICS) Chief Medical Officers (CMOs) navigate their new roles. This research sits alongside a development programme for ICS CMOs, delivered by FMLM Applied.

FMLM Applied continued to review its approach to evaluation and has produced several case studies highlighting the impact of development programmes with a range of participants and organisations.

The online conference, held in November 2022, included contributions from a range of academic and healthcare practitioners on current research.

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.

FMLM also became part of a World Healthcare Leadership Network, established by colleagues in Canada, with a view to sharing and collaborating on research (and other activities) with international peers.

Leadership development

The third cohort of the [Tomorrow's Strategic Leader leadership development programme](#) that started in 2021, concluded delivery during 2022. The 10-day leadership development programme designed for senior trainees, early consultants and GPs, consisted of 15 participants from a range of secondary and primary care specialties. 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](#) concluded delivery during 2022. 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 eighth cohort for the programme recruited 11 new participants during the summer of 2022 with the first day of delivery taking place in November.

The second [FMLM College Council Leadership Development Programme](#) was delivered to six participants in 2022. The programme is designed to help new members of college councils to get the best from their roles. 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.

FMLM's [Clinical Fellow Scheme](#) (CFS) portfolio continued to increase their profile and develop the potential scope of schemes throughout 2022. The portfolio successfully recruited and delivered seven schemes, six national and one regional.



141 Clinical Fellows from England, Wales and Northern Ireland were brought together as one multi-profession group for a 12-month leadership development programme, delivered throughout the year, in person and virtually.

The comprehensive CFS development programme supports leadership learning by exploring a range of themes and challenges that are crucial for developing and emerging leaders to understand, including how

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healthcare is organised, politics and policy making, understanding leadership style, leading through crisis and uncertainty, team working, team dynamics, health inequalities and sustainable healthcare.

Additionally, the Chief Nursing Officer's Senior Nurse Clinical Fellows participated in a bespoke eight module advanced leadership development programme.

FMLM continued to reinvest in the CFS/Alumni portfolio with appointments completed for the Director of Leadership Development and Education and a Programme Coordinator. The continued investment of a Learning Management System provides a suite of available resources that are accessible beyond Clinical Fellowship, specifically to the [Clinical Fellow Scheme Alumni](#) and additionally to business areas across FMLM. Income generated through growth has been re-invested across all schemes by developing an application assessment and online interview platform.

FMLM redesigned the offer for CFS Alumni with an ambition to expand their development opportunities, increase their networking opportunities, sustain the alumni drive and momentum for leadership and ensure that we can seamlessly signpost our talented alumni to future leadership projects or appointments.

Annual international conference

The international conference in 2022 was delivered wholly online, across two days in November, with a focus on the global perspective on healthcare leadership and delivery post-Covid.

The conference attracted 328 paying delegates and saw over 80 different speakers contribute to the varied panels, workshops and keynote speeches. The conference was sponsored by the General Medical Council.

The event scored well in terms of delegate feedback with 43% of respondents rating their overall satisfaction with the event a maximum of 5 stars and 50% rating the event with 4 stars. Highlights noted by respondents were the variety of sessions and speakers available, the online platform, being able to watch on-demand and the global representation and insight.

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 2022, FMLM had 2,604 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 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

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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

During 2022 FMLM was able to maintain the same level of income as previous financial year - £1,971m (2021: £2,146m) - at a time when activities were still disrupted by the restrictions arising from Covid-19. Overall expenditure had been planned to increase during the financial year and reported expenditure is £1,927m (2021: £1,615m). The increased levels were as a result of a decision to cautiously and effectively make best use of the reserves that were built in prior years. FMLM was able to grow its staff numbers to 18 FTE (2021: 12 FTE) and invested in specific areas such as cyber security and data protection, software and hardware upgrades, human resources support services and related services such as occupational health. These investments were essential requirements for FMLM's long term resilience, governance and growth strategy.

Overall, the group made a small deficit of £44k (2021: £531k) and that was in line with the approved annual budget for the year under review.

At the end of the financial year to December 2022, FMLM's finances remained on a solid basis, with unrestricted funds carried forward of £1,383 million. The strong reserves position provided a high level of assurance that the charity can mitigate the risks that it might face as a result of any changes in the internal or external environment. Furthermore, the group also had a strong cash position, with cash totalling £1,450 million at the end of the financial year under review.

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 2022 for the charity and FMLM Applied, which are summarised below.

- There was a risk that the resignation of Mr Peter Lees as CEO and founder of FMLM would impact leadership of the charity and FMLM Applied, as well as potentially result in a loss of networks and income which were dependent on Mr Lees's personal and direct involvement. This risk was mitigated by employing the former CEO in a "Director of Business Development" role within FMLM for an agreed fixed period of 2022-2024 to enable succession planning. Whilst recruitment was underway for a new CEO, the Medical Director undertook an "Acting CEO" role to ensure that FMLM did not experience any gaps in leadership, and a new permanent CEO was successfully recruited in December with an expected start date for their induction in February 2023, thus ensuring a smooth transition of leadership across FMLM. The recruitment of a Director of Corporate Services and Director of Leadership Development and Education into the Senior

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Leadership Team alongside the Director of FMLM Applied and Research and Medical Director also enabled stable and consistent leadership of FMLM during the transition period.

- There was risk that the long-term lack of marketing expertise and focus within FMLM would become an issue in 2022 and this would significantly impact our brand, income and profile. This was mitigated through the commissioning of a Marketing and Communications gap analysis and recruitment of an interim Digital Marketing consultant who also supported the recruitment process for a new Head of Marketing and Communications appointed in 2023.
- There was a risk that restructuring within the NHS and caps on spending would restrict FMLM's income as the NHS was historically the primary source of income for both FMLM and the charity. A proactive approach was taken to mitigate against potential impact through FMLM Applied diversifying its clients beyond the NHS e.g. pharma, and the CFS also recruited hosts from the private sector. This work will continue in 2023.
- Cybersecurity was a heightened global issue in 2022 and FMLM was carrying risks including outdated IT equipment and software, online security and device security. A significant programme of work and financial investment was undertaken to mitigate these risks, with FMLM securing a Certificate of Assurance for compliance with the Cyber Essentials scheme. The work on ensuring FMLM has a robust IT infrastructure will continue in 2023.

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 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 2022 were £1,433 million. This represents about eight months' worth of the operational expenditure forecast for 2023 and therefore the free reserves stand at £344k. The Trustees were comfortable with this and agreed to hold this above target level of reserves as additional mitigation against the risks inherent in the external environment. A full review of the reserves required in line with the reserves policy will be carried out during the three year budgeting process in 2023. Following the budgeting process, the policy may be reviewed 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.

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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 2022 of £118k was due to be gifted to the charity in 2023. 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.

Structure, governance and management

The Trustees of FMLM delegate day to day running of the charity to the Senior Leadership Team (SLT):

Mr Peter Lees, CEO (until 30 Nov 2022)

Dr Paul Evans, Medical Director & Acting CEO (from Nov 2022)

Ms Kirsten Armit, Director of FMLM Applied and Research

Dr Daljit Hothi, Director of Leadership Development & Education

Ms Yasmin Ali, Director of Corporate Services

Trustees make decisions on the strategic direction of the charity, with a written strategy reviewed at least every five years. The overall purpose of FMLM remains consistent and the main areas of focus for the next four 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.

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 2022 the FAR committee was chaired by Lay Trustee, Mrs Nargis Ara-Ranaldi and members were Treasurer Ms Jenny Ehrhardt (until Mar 2022), Mr John Misselbrook, Finance & Business Trustee (from Nov 2022) Lay Trustee Mr Dave Bennett, and the Senior Leadership Team were in attendance.

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

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 2022 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.

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.

All staff except the Senior Leadership Team received an annual pay rise of 2% in April 2022. The annual Remuneration Committee did not take place for the SLT as the senior team agreed to review the end of year financial position in 2023 before commencing this process. It was also agreed that the terms of reference for the Remuneration Committee required review, due to be undertaken in 2023 with the new CEO and Chair of the Board.

At the end of 2022, FMLM had five 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/Finance and Business Trustee – open competitive recruitment (advert and interviews)

Co-opted Trustees – appointed by the Board of Trustees

In addition to the main Board of Trustees, the FMLM governance structure also includes:

FMLM Applied Board

Revalidation and Appraisal Advisory Committee (RAAC)

Standards Certification and Award Committee (SCAC)

Accreditation Committee

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 Director of Corporate Services (DCS) in 2022. The new DCS supported the Chair Elections and recruitment of new trustees in 2022. Any election and recruitment processes required in 2023 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 Director of FMLM Applied and Research and Chief Executive Officer. The FMLM Applied Board is chaired by Stephen Brooks, who previously sat on the FMLM Board as a Lay Trustee. Other members of the FMLM Applied Board are:

Faculty of Medical Leadership and Management

Trustees' annual report

For the year ended 31 December 2022

Mr Peter Lees, Director of Business Development (and former CEO)
Dr Iain Wallace, former FMLM Chair of the FMLM Board
Ms Kirsten Armit, FMLM Director of FMLM Applied and Research
Mr Jamie Ward, Independent of FMLM, with significant leadership development experience
Mr Dave Bennett, Lay Trustee
Ms Nargis Ara-Ranaldi, Lay Trustee
Dr Daljit Hothi, Director of Leadership Development and Education
Ms Yasmin Ali, Secretary to the Board of Trustees
Ms Sophie McGhee, Secretary to the FMLM Applied Board

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.

Plans for the future

Professor Rich Withnall's arrival as FMLM's new CEO in 2023 provides opportunities to further evolve the strategic direction of the organisation. This is an exciting time for FMLM. The NHS faces a multiplicity of compounding challenges during its 75th Anniversary year. The NHS Long Term Workforce Plan pledges £2.4 billion of new money over the next five years. Whilst this investment is very much welcomed, there is a current lack of training capacity and the parallel improvements in social care are required too. Professor Withnall has expressed publicly that good leadership has never been more important, and FMLM's Summary of the Evidence Base and Standards for Medical Professionals prove how good leadership improves patient outcomes. As a values-based organisation, FMLM must collaborate, not compete, to professionalise medical leadership and support national decision-takers.

Trustees' annual report

For the year ended 31 December 2022

The vision is for FMLM to become the UK's most influential healthcare leadership organisation by April 2030. To achieve this, the mission is for FMLM to develop a winning culture so that we can: achieve Chartered Status as a qualification-awarding, cross-specialty healthcare leadership organisation; grow our membership to 5000 by April 2026 and 10,000 by April 2030; and increase our turnover to £5 million by April 2026 and £10M by April 2030. These targets are realistic but require FMLM to be more visible, bold, and ambitious. FMLM must have a view and a voice.

We are keen for FMLM's values to remain underpinned by quality, patient-centredness and mutual support. We will cohere around a shared organisational idea to improve patient outcomes by professionalising healthcare leadership in all four UK nations, and potentially overseas. The three strategic priorities for FMLM will be to: improve our organisational design (our enabling priority); optimise our outputs; and grow FMLM.

In addition, FMLM will focus on:

FMLM will ensure 'golden thread' commitments of equality, diversity, inclusivity and belonging (EDI&B), sustainability and ethical investment influence our decision-taking.

FMLM will increase our focus on research, high-impact publications, and high-profile presentations. We will cohere our developmental offers and commercial activities alongside sustaining existing partnerships and growing new ones. FMLM's organisational structure is not an end in itself though; it is simply a vehicle for accomplishing our strategic ambitions. Hence, the Senior Leadership Team will remain agile and mutually supporting through matrix working. Don't be surprised to see us doing less, better! That is not to say FMLM has under-performed before. Rather to highlight that we now need to prioritise and sure-up our finances so FMLM can invest, develop, and grow.

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,

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Trustees' annual report

For the year ended 31 December 2022

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 2022 was 11 (2021: 10). 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 23 August 2023 and signed on their behalf by

Nargis Ara-Ranaldi
Chair of Finance, Audit and Risk Committee
Lay Trustee

Faculty of Medical Leadership and Management

Independent auditor's report

For the year ended 31 December 2022

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 2022 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 2022 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 2022

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 2022

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 and the Finance, Audit and Risk 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.
- We inspected the minutes of meetings of those charged with governance.

Independent auditor's report

For the year ended 31 December 2022

- 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)

September 2023

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.