



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 2020



Faculty of Medical Leadership and Management

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Reference and administrative information

For the year ended 31 December 2020

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)
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 William Roche	Ordinary Trustee (appointed 2011)
Prof Bee Wee	Co-opted Trustee (appointed 26 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)

Honorary Trustee	Prof Stephen Powis	(appointed 18 June 2019)
Observer/advisor	Mr Tom Grinyer	(appointed 1 January 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
10 Queen Street Place
London
EC4R 1BE

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Reference and administrative information

For the year ended 31 December 2020

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

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For the year ended 31 December 2020

Chair's Foreword

This has been a challenging year for leadership of any kind, but especially medical and clinical leadership in healthcare, due to the Covid-19 pandemic.

Sustainability was at the forefront of FMLM's plans throughout the year, to safeguard our position in shaping the future of professional medical leadership, while continuing to support doctors and dentists to lead teams and services in extremely complex times.

The events of 2020 have presented a big moment for medicine and healthcare services, one which proposes a reset in the relationship between clinicians, health services and society, where compassionate and collaborative clinical leadership is celebrated, seen as positive and enlightened, and firmly established in the DNA of our healthcare system.

The key to the recovery of our healthcare services from the aftermath of Covid-19 is medical and clinical leadership. Doctors have a key role to play in that recovery and our priority continues to be their support and development.

Professor Mayur Lakhani CBE
FMLM Chair

Chief Executive's Introduction

In the year prior to FMLM's 10th anniversary, we had not expected healthcare's VUCA (volatile, uncertain, complex and ambiguous) moment to emerge in so sudden and absolute a manner. Of course, no one organisation or system was absolutely ready.

As a compact, more agile body than most are able to be, we were fortunate in our ability to change tack and move swiftly to safeguard our work, services, our colleagues and ultimately our organisation. By early March, a week before the first lockdown was announced, the team had fully established our virtual home for medical leadership, from which we have been delivering successfully, since.

The needs of FMLM's membership were placed first and foremost, and we set out to ensure our leadership development, support and guidance remained relevant to the crisis, accessible and 'smart'. Along with our jointly owned journal, *BMJ Leader*, we made sure content and resources were freely available to all who needed them and rescheduled and redesigned our development programmes at the request of our frontline colleagues.

Our proudest moment was supporting our medical clinical fellows and alumni to break from their current programmes and answer the call to either return to the frontline or take on critical strategic support roles during the first wave of the pandemic. This was leadership in action, the embodiment of FMLM's vision and objectives.

Our biggest strategic success was our annual conference with BMJ, *Leaders in Healthcare 2020*, which took place virtually and attracted the largest, most diverse audience to date. Just under 1,000 delegates from more than 40 countries joined four days of inspiring discussion and workshops. We were also able to offer all recorded conference content for a further six months, benefiting many colleagues who were unable to break away from clinical duties.

Our greatest sadness was the untimely death of our founding chairman, Professor Sir Neil Douglas, who had been ill with cancer and died in August. His legacy lives on in all that FMLM has and will continue to achieve on behalf of all doctors, dentists and clinical leaders aspiring for the best for patients. Our thoughts, too, are with families and colleagues of other, valued medical leaders whom we have lost over the year.

FMLM continues to grow as a community – which has been crucial in these VUCA times - and we shall ensure we will do everything in our power to provide the support our members and fellows need and value most.

Thank you.

Mr Peter Lees
FMLM Chief Executive

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Trustees' annual report

For the year ended 31 December 2020

The trustees present their report and the audited financial statements for the year ended 31 December 2020.

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.

Vision and core values:

The vision of the organisation is 'to inspire and promote excellence in medical leadership to drive continuous improvement in health and healthcare in the UK.'

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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Trustees' annual report

For the year ended 31 December 2020

The year to 31 December 2020 was the fourth of the five-year 2017/21 strategy and the second 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 2020 educational events include the annual international healthcare leadership conference, Leaders in Healthcare, 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.

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FMLM also receives income from 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. Outside of the NHS, FMLM engages with pharmaceutical, occupational and voluntary sector healthcare, including the Royal Osteoporosis Society.

Work was undertaken with trustees and the Standards Certification and Awards Committee to revise the *FMLM Leadership and Management Standards for Medical Professionals* to encompass population health policy and align the standards with the three levels of *FMLM Fellowship*.

The accreditation scheme launched in 2019 for programmes which embed FMLM's *Medical Leadership and Management Indicative Undergraduate Curriculum* accredited four programmes in 2020: Warwick Medical School was the first, followed by Leeds, Cambridge and Plymouth. Applications for medical school accreditation have halted due to the disruption of the pandemic on teaching and pressure on faculty.

Throughout 2020, work was undertaken to develop a new model of leadership support for medical leaders in healthcare organisations and help align a range of bespoke assistance with the *Leadership and Management Standards for Medical Professionals*; FMLM is expected to launch *Affiliated Organisations* early in 2021.

Executive working groups in Scotland and Wales have continued to support FMLM's work in medical leadership development, but conference events planned in Edinburgh and Cardiff in early and mid-2020 were postponed due to the pandemic.

Leadership development

FMLM continued to work in partnership with NHS organisations, medical royal colleges and healthcare societies as well as pharmaceutical, occupational and voluntary sector healthcare to deliver a range of tailored leadership programmes and workshops to doctors at all stages of the medical career.

FMLM provides mentoring services to members who request it and offers both members and non-members access to executive coaching through the FMLM coaching network. In 2020, FMLM provided free access to sample 'speed coaching' sessions to around 200 self-selecting members and non-members, from all grades, who were attending FMLM online conferences and events.

The second cohort of FMLM's flagship leadership development programme, *Tomorrow's Strategic Leader*, for senior trainees and early consultants and GPs, was delivered throughout 2020. The cohort, consisting of nine participants from a range of secondary and primary care specialties, took part in seven of the 13 delivery days. The programme was paused due to the onset of the coronavirus pandemic, before being

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rearranged for online delivery. An interim external evaluation concluded respondents responded positively to the programme: *"Participants enjoyed the specific talks and training days, and action logs were specifically highlighted as enjoyable, impressive or fascinating."*

The sixth cohort of the College Office Bearer's leadership development programme was delivered in 2020. Nine participants attended from medical royal colleges and faculties, including Anaesthetists, Emergency Medicine, Pathologists, Radiologists, Surgeons and Dental Surgery. The programme was reformatted and delivered online, over nine days. Participant feedback has been instrumental in to shape and format content for the seventh cohort, due to run in 2021.

FMLM's clinical fellow scheme portfolio continued to increase in profile and scope in 2020. Despite the pandemic, FMLM succeeded in upgrading the recruitment and delivery processes, and enhance the educational and development offer to clinical fellows. In March, more than 20 clinical fellows from the 2019/20 National Medical Director's (NMD), Chief Pharmaceutical Officer's (CPhO) and Chief Dental Officer's (CDO) clinical fellow schemes were redeployed to the NHS England and NHS Improvement clinical cell to work on the national response to the pandemic. They worked on more than 50 projects to direct clinical care initiatives to ensure staff safety against Covid-19. During this time, FMLM delivered a series of online leadership and resilience groups to provide clinical fellows with additional support.

In response to the pandemic, recruitment to the 2020/21 CPhO and CDO schemes was postponed for 12 months. In response, FMLM developed and delivered an advanced development programme for the existing clinical fellows on those schemes, whose fellowships were extended for them to build on the skills and experiences gained from the first year of their fellowship. The NMD scheme went ahead and in September, FMLM inducted 31 new National Medical Director's clinical fellows, who formed the 10th cohort of the scheme. More than 60% of them were female and 48% were from a BAME background.

In late 2020, FMLM was commissioned by NHS England and NHS Improvement to:

- establish and run a multi-professional, region-based clinical fellow scheme to expand access and provide opportunities for aspiring clinical leaders to gain the necessary experience and skills for future system leadership roles.
- develop a formal and sustainable scheme for clinical fellow alumni from FMLM-managed schemes, to continue their leadership development and maximise their leadership potential through their clinical careers.

These initiatives – which form part of the NHS' commitment of the NHS People Plan 2020/21 to strengthen clinical leadership capability in the NHS, and to support to talented aspiring clinical leaders – are to be delivered by FMLM in 2021.

FMLM Applied

Throughout 2020, FMLM Applied delivered bespoke leadership development, mentoring and coaching programmes to more than 200 participants across 12 organisations from a wide range of career stages and teams including medical directors, triumvirates, clinical directors, mental health services, scientists, chief residents, and consultants. Of the twelve organisations, nine were NHS organisations (including some

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funded through NHS Improvement and NHS England), there was also a royal society, and two education organisations.

Annual conference

The conference in 2020, which was held entirely online, due to the pandemic, was FMLM's most successful to date, with 977 participants from 40 countries, 362 of whom were FMLM members, which accounted for 37 per cent of all attendees and just under 15 per cent of FMLM's total membership. Feedback from attendees as well as speakers – based on an interactive programme which explored the learning from the first eight months of the pandemic, as well as a new research stream and a focus on diversity and integration – was overwhelmingly positive.

Membership and navigating individual support

In October, FMLM launched international membership, to provide support to medically qualified professionals living and working outside the UK. A more detailed evaluation of the take-up of this membership category will be reported in 2021.

Membership at the end of 2020 numbered 2,494 individual members (a 9% increase on 2019), including:

- Post-CCT (43%)
- Trainees (34%)
- Fellows (7%)
- Students (13.5%)
- Non-medical associates (1.5%)
- Retired medical (0.5%)

The ethnicity of FMLM's total membership increased in diversity in 2020:

- White (52%)
- Asian (22%)
- Black (5%)
- Mixed (3%)
- Arab (1%)
- Other/not stated (17%)

The gender split in FMLM's membership in 2020 remained static:

- Male (56%)
- Female (42%)
- Not stated (2%)

In 2020, work began in earnest on FMLM Navigator, a fully interactive digital toolkit for doctors to map and pursue a career in medical leadership. Technical development of the tool comprised a large part of the effort, guided by an expert advisory group and informed by focus group sessions held at our annual conference. Development of the leadership development content on the app took a back seat as contributors, who largely comprised FMLM Fellows and members, were focused on fighting the Covid-19 pandemic. A launch of the finished tool is expected in 2021.

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 CEO. At the end of 2020, FMLM had 2,494 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 through the 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 £29k (£15k for the FMLM charity).

A breakdown of income for the FMLM charity:

- Membership (26%)
- Development services (22%)
- Other, including grants, legacy and advertising (16%)
- Revalidation and appraisal (4%)
- Events (3%)
- Education and training (2%)
- FMLM Applied (27%)

The total FMLM group (FMLM charity, plus FMLM Applied trading company) income for 2020 was £1,322k (£1,545k in 2019).

The largest single source of income for the charity was from membership (including FMLM's jointly owned journal, *BMJ Leader* and Fellowship), totalling £339k (£330k in 2019). Development services income totalled £285k (£290k in 2019). Other income, including grants, legacy and advertising, the bulk of which was provided by the Dinwoodie Charitable Company to fund FMLM Navigator, totalled £212k (£19k in 2019). Events income totalled £44k (£73k in 2019). Education and training totalled £29k (£136k in 2019). Revalidation and appraisal income totalled £59k (£56k in 2019).

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A breakdown of expenditure to the charity:

- Staff and staff administrative costs (55%)
- Other costs and overheads (including travel, accommodation, marketing) (9%)
- Career map (11%)
- Membership/Journal/Fellowship (4%)
- Development services including clinical fellow schemes (2%)
- Revalidation and appraisal (2%)
- Education and training (2%)
- Rent & Facilities (5%)
- FMLM Applied direct costs (10%)

The total FMLM group expenditure for 2020 was £1,294k (£1,485k in 2019).

The costs of all income generating activities were below budget. This was due to the pandemic preventing face-to-face activities and the associated expenses.

Staff costs, at £712k, the highest sources of expenditure, were £154k below budget (18%) and £69k (9%) below the same costs in 2019. Other costs and overheads formed the second highest source of expenditure at £117k, which was £7k under budget. Career mapping costs of £143k were paid from grant support provided by the Dinwoodie Charitable Company, for the design and development of FMLM Navigator, which will launch in 2021.

Despite a challenging year with reduced income across most areas, direct costs being kept to a minimum through significant team effort 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 2020 for the charity and Applied, which are summarised below.

Strategic risks

1. Staff wellbeing

Staff were working from home from mid-March. Regular team meetings, reviews of workspaces, access to an Employee Assistance Programme, online social events and regular check-ins ensured staff morale and team working remained high.

2. Loss of staff impacting operations, esp key staff

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There were no staff losses in 2020. FMLM has contingency plans in place for no notice loss of key staff and succession planning including long term cover if needed has been reviewed.

3. FMLM Applied – programme income
4. FMLM Applied – programme delivery
5. FMLM – leadership development programme delivery

In Q4 of 2020 uncertainties remained around the ongoing impact of Covid-19 social distancing on the delivery of leadership development across FMLM and FMLM Applied and the annual conference Leaders in Healthcare in November. However, recruitment for new leadership development programmes was positive and several programmes hit by delays in 2020 are due to restart or begin virtually in the first half of 2021.

6. FMLM Membership – income

At the end of 2020, membership numbers were higher than they had ever been and the FMLM membership team was working hard to continue to reduce the number of members who leave each month and on new business via affiliated organisation membership and international membership, both in their infancy in 2020.

7. FMLM governance

All reporting deadlines were met and FMLM has processes in place to ensure that the governance risks of non-compliance with statutory reporting are low.

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

The risk identified in Q2 of income loss from the Leaders in Healthcare conference not being held in person was reduced significantly as soon as the Barbican agreed to postpone at no cost the in-person event to 2021.

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 25 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 2020 were £824,000. This represents five to six month's 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.

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 2020 of £13k will be paid under gift aid to the charity in 2021. 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 will celebrate its ten-year anniversary in 2021 and launch a refreshed five-year strategy. FMLM's plans for 2021 include increasing membership beyond 2,500; a two-day in-person plus two-day virtual international conference in London in November; building its international audience; delivering high-impact national and regional activity; further diversifying FMLM Applied's client base; developing virtual and in-person leadership development offers; and continuing to support staff in new ways of working post pandemic, including occupational health reviews and development.

FMLM plans to review its five-year strategy in 2020 and to continue to seek ways to further secure FMLM's long term financial stability.

The FMLM Applied business plan for 2019 was accepted by the FMLM Board of Trustees in April 2019. The business plan focused on:

- a. Working more closely and frequently with the Associate community identified as 'business developers' to develop new offers and effectively market existing programmes.
- b. Actively engage key Associates in understanding, developing and promoting the FMLM Applied offer through quarterly email updates and twice-yearly face to face meetings.
- c. Identify and approach organisations which may be in need of FMLM Applied support (both through NHS Improvement and through CQC reports).
- d. Seek new Associates amongst FMLM networks who may address a deficit in our current Associate profile.
- e. Undertake financial modelling to better understand our current pattern of activity and how this can be scaled and become more profitable and/or new lines of opportunity pursued.
- f. Seek potential academic partners to add to the offer of FMLM Applied programmes and support participants to apply for Fellowship of FMLM.
- g. Link FMLM Applied programmes with membership, fellowship, 360-degree feedback tool and Leaders in Healthcare.

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h. Develop greater commercial expertise amongst the internal team and Associate groups.

Significant progress was made on all these activities during 2019. Additionally, work on a longer-term strategy for FMLM Applied commenced in 2019. The 2020-23 strategy, now published, covers three main priorities: developing leaders and teams, establishing partnerships and communities and thought leadership and research. The full strategy can be accessed here:

<https://www.fmlm.ac.uk/sites/default/files/content/page/attachments/FMLM%20Applied%20Strategy%202020-23%20.pdf>

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 current strategy runs from 2016 to 2021 and can be found on the FMLM website: https://www.fmlm.ac.uk/sites/default/files/content/page/attachments/FMLM_Strategy_2017-2021.pdf

FMLM's transformational goals (integral to the five-year strategy) are as follows:

1. FMLM shall be the first point of contact for medical leadership and management and the Leadership and management standards for medical professionals will be recognised by the healthcare sector as the definition of effective medical leadership.
2. FMLM's work will be underpinned by a demonstrably robust evidence base.
3. FMLM will build an excellent 'track record' and reputation for supporting individuals and teams.
4. FMLM will become a powerful advocate for medical leadership, drawing on the evidence to influence at an international, national, regional and local level.
5. FMLM will be financially resilient, sustainable and independent, with a strong and diverse revenue base.

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 2020 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 COO Ms Kirsten Armit.

Senior staff remuneration, ie the SMT, is determined by the Board of Trustees based on recommendations from the remuneration committee. In 2020, FMLM staff agreed to a temporary reduction in pay to ease the pressure due to lost income arising from the impact of the pandemic on FMLM's activity. Senior staff pay was reduced by 12.5%, 15% and 20% percent between May and October.

Pay for staff below the SMT is normally reviewed annually, based on organisation business performance, affordability and market comparisons. FMLM engages HR experts at the Royal College of Anaesthetists for advice on market rates and due process when considering annual pay rises. In 2020 all FMLM staff agreed to a temporary reduction in pay of between 12.5% and 5% between May and October. Salaries were restored to 100% in October 2020. Two members of staff were on furlough and/or flexible furlough for part

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of the year. There were no salary increases for any member of staff, including the senior management team in 2020.

At the end of 2020, FMLM had three members of staff who earned more than £60,000 a year.

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. 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.

Appointment of trustees

FMLM Trustees are appointed as follows:

Lay Trustees – open competition recruitment (adverts and interviews)

Ordinary Trustees – appointed by the FMLM Council

Chair – voted by members of FMLM

Treasurer – appointed by the Board of Trustees

Co-opted Trustees – appointed by the Board of Trustees to meet specific skill or expertise gaps

The FMLM Council is the professional decision-making body of FMLM and represents the membership.

Council is responsible for dealing with all issues that affect the professional activity of its membership, including matters such as policy and guidance relating to conduct and education and training; professional issues such as standards and revalidation; engagement with members; regional and national issues; and any other matters relevant to the practice of medical leadership and management.

Council also advises the Board of Trustees on professional issues and developments affecting FMLM or its members.

Council members are drawn from the membership to reflect the breadth of medical practice and specialism, including medical royal colleges, the armed forces and medical education. There are also representatives from each of the devolved nations of the United Kingdom.

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.

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Trustees are supported by the Board Secretary, a role which is currently performed by the Head of Corporate Affairs.

There were several new appointments at the end of 2019, including a new Chair, and FMLM had planned to hold a development day for all Trustees in 2020. This was postponed to 2021 due to the pandemic.

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 COO and CEO.

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

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.

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.

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.

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 2020

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.

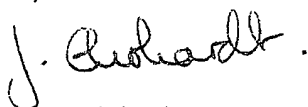
Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was nine (2019: nine). The trustees are members of the charity, but this entitles them only to voting rights. The 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 28 July 2021 and signed on their behalf by



Jenny Ehrhardt
Trustee

Faculty of Medical Leadership and Management

Independent auditor's report

For the year ended 31 December 2020

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 2020 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 2020 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 2020

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 2020

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 2020

- 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

Faculty of Medical Leadership and Management

Independent auditor's report

For the year ended 31 December 2020

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)

19 August 2021

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

Faculty of Medical Leadership and Management

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

	Note	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Income from:							
Donations and legacies	2	12,372	195,000	207,372	-	-	-
Charitable activities							
Membership	3	338,980	-	338,980	321,075	-	321,075
Revalidation and appraisal	3	58,691	-	58,691	55,756	-	55,756
Development services	3	285,037	-	285,037	290,027	-	290,027
Education and training	3	-	28,505	28,505	117,392	19,380	136,772
FMLM events	3	43,579	-	43,579	73,148	-	73,148
Other trading activities	4	359,924	-	359,924	668,527	-	668,527
Investments		2	-	2	4	-	4
Other – transfer of net assets from Royal College of Physicians	20	-	-	-	771,679	-	771,679
Total income		1,098,585	223,505	1,322,090	2,297,608	19,380	2,316,988
Expenditure on:							
Raising funds (including costs of trading)	5	352,625	-	352,625	463,950	-	463,950
Charitable activities							
Membership	5	232,032	-	232,032	277,094	-	277,094
Revalidation and appraisal	5	60,391	-	60,391	56,708	-	56,708
Development services	5	215,773	143,162	358,935	327,581	-	327,581
Education and training	5	159,523	18,303	177,826	167,575	17,848	185,423
FMLM events	5	111,820	-	111,820	176,063	-	176,063
Total expenditure		1,132,165	161,465	1,293,630	1,468,971	17,848	1,486,819
Net movement in funds and net income/(expenditure) for the year	6	(33,580)	62,040	28,460	828,637	1,532	830,169
Reconciliation of funds:							
Total funds brought forward		827,906	1,532	829,438	(731)	-	(731)
Total funds carried forward		794,326	63,572	857,898	827,906	1,532	829,438

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

Faculty of Medical Leadership and Management

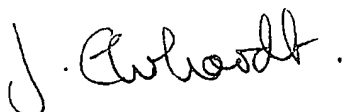
Balance sheets

Company no. 11390175

As at 31 December 2020

	Note	The group 2020 £	2019 £	The charity 2020 £	2019 £
Fixed assets:					
Tangible assets	11	19,873	39,745	19,873	39,745
Investment in subsidiary		-	-	1	1
		<u>19,873</u>	<u>39,745</u>	<u>19,873</u>	<u>39,745</u>
Current assets:					
Debtors	14	386,545	469,568	370,665	291,916
Cash at bank and in hand		1,075,479	756,837	575,637	477,359
		<u>1,462,024</u>	<u>1,226,405</u>	<u>946,302</u>	<u>769,275</u>
Liabilities:					
Creditors: amounts falling due within one year	15	(623,999)	(436,712)	(121,466)	(142,528)
Net current assets		<u>838,025</u>	<u>789,693</u>	<u>824,836</u>	<u>626,747</u>
Total net assets		<u>857,898</u>	<u>829,438</u>	<u>844,709</u>	<u>666,492</u>
Funds:	18				
Restricted income funds		63,572	1,532	63,572	1,532
Unrestricted income funds:					
General funds		794,326	827,906	781,137	664,960
Total unrestricted funds		<u>794,326</u>	<u>827,906</u>	<u>781,137</u>	<u>664,960</u>
Total funds		<u>857,898</u>	<u>829,438</u>	<u>844,709</u>	<u>666,492</u>

Approved by the trustees on 28 July 2021 and signed on their behalf by



Jenny Ehrhardt
Trustee

Faculty of Medical Leadership and Management

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Net income for the reporting period		28,460	830,169
(as per the statement of financial activities)			
Non cash fixed assets transferred from Royal College of Physician:20		-	(55,652)
Depreciation charges		19,872	19,872
Dividends, interest and rent from investments		(2)	(4)
(Increase)/decrease in debtors		83,023	(469,568)
Increase/(decrease) in creditors		187,287	429,711
Net cash provided by operating activities		318,640	754,528
Cash flows from investing activities:			
Dividends, interest and rents from investments	2	-	4
Purchase of fixed assets		-	(3,965)
Net cash (used in) investing activities		2	(3,961)
Change in cash and cash equivalents in the year		318,642	750,567
Cash and cash equivalents at the beginning of the year		756,837	6,270
Cash and cash equivalents at the end of the year		1,075,479	756,837

1 Accounting policies

a) Statutory information

Faculty of Medical Leadership and Management is a charitable company limited by guarantee and is incorporated in England. The registered office address is 34 Red Lion Square, London, United Kingdom, WC1R 4SG.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary FMLM Applied Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c) Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees, having reviewed FMLM's financial position and the level of cash and reserves, consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision, of a specified service, (including membership, training, events and consultancy) is deferred until the criteria for income recognition are met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

f) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

g) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

1 Accounting policies (continued)

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the running commercial consultancy activity through FMLM Applied.
- Expenditure on charitable activities includes the costs of delivering services to our members undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity:

- | | |
|--|-----|
| ● Membership | 24% |
| ● Revalidation and appraisal | 3% |
| ● Development Services | 24% |
| ● Education and Training | 15% |
| ● FMLM Events | 14% |
| ● Raising funds (including costs of trading) | 20% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

k) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|--------------------------|---------|
| ● Fixtures and fittings | 3 years |
| ● Leasehold improvements | 3 years |

l) Investments in subsidiaries

Investments in subsidiaries are at cost.

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1 Accounting policies (continued)

p) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

q) Pensions

The charitable company operates a defined contribution scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the charitable company to the fund. The charitable company has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2020 total Total £	Unrestricted £	Restricted £	2019 Total £
Donations	1,200	-	1,200	-	-	-
Grant income	11,172	165,000	176,172	-	-	-
Legacies	-	30,000	30,000	-	-	-
	<u>12,372</u>	<u>195,000</u>	<u>207,372</u>	<u>-</u>	<u>-</u>	<u>-</u>

Faculty of Medical Leadership and Management

Notes to the financial statements

For the year ended 31 December 2020

3 Income from charitable activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Membership income	312,948	-	312,948	298,150	-	298,150
BMJ Leader journal	13,182	-	13,182	22,925	-	22,925
Fellowship	12,850	-	12,850	8,950	-	8,950
Sub-total for Membership	338,980	-	338,980	330,025	-	330,025
Revalidation and appraisal fees	58,691	-	58,691	55,756	-	55,756
Sub-total for Revalidation and appraisal	58,691	-	58,691	55,756	-	55,756
National Medical Director Clinical Fellowship Scheme	201,379	-	201,379	142,049	-	142,049
Chief Pharmaceutical Officer Clinical Fellowship Scheme	59,446	-	59,446	71,394	-	71,394
Chief Dental Officer Clinical Fellowship Scheme	7,282	-	7,282	40,275	-	40,275
CPD and Accreditation	10,801	-	10,801	25,712	-	25,712
Other income from Development services	6,129	-	6,129	10,597	-	10,597
Sub-total for Development services	285,037	-	285,037	290,027	-	290,027
College Officers Programme	-	-	-	46,860	-	46,860
Royal College of Physicians/Faculty of Medical Leadership and Management events	-	28,505	28,505	61,582	19,380	80,962
Sub-total for Education and Training	-	28,505	28,505	108,442	19,380	127,822
Conference	32,405	-	32,405	48,569	-	48,569
Other events	11,174	-	11,174	24,579	-	24,579
Sub-total for FMLM events	43,579	-	43,579	73,148	-	73,148
Total income from charitable activities	726,287	28,505	754,792	857,398	19,380	876,778

4 Income from other trading activities

	Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total
Advertising	4,598	-	4,598	17,120	-	17,120
Consultancy	355,326	-	355,326	649,293	-	649,293
Careers Service	-	-	-	2,114	-	2,114
	359,924	-	359,924	668,527	-	668,527

Faculty of Medical Leadership and Management

Notes to the financial statements

For the year ended 31 December 2020

5a Analysis of expenditure (current year)

	Raising funds (including costs of trading) £	Charitable activities							2020 Total £	2019 Total £
		Membership £	Revalidation and appraisal £	Development Services £	Education and Training £	FMLM Events £	Governance costs £	Support costs £		
Staff costs (Note 7)	184,859	124,006	26,259	127,150	117,405	74,137	22,379	-	676,195	641,871
Temporary staff costs	-	-	-	-	-	-	-	17,051	17,051	111,205
Other staff costs	-	-	-	-	-	-	-	24,217	24,217	29,937
Consultancy costs	119,138	-	-	-	-	-	-	-	119,138	216,574
Membership costs	-	-	-	-	-	-	-	-	-	2,300
Journal costs	-	49,672	-	-	-	-	-	-	49,672	53,133
Revalidation and appraisal costs	-	-	26,838	-	-	-	-	-	26,838	18,843
Clinical Fellowship Scheme costs	-	-	-	26,713	-	-	-	-	26,713	84,402
Development services costs	-	-	-	3,557	-	-	-	-	3,557	6,369
Education and training costs	-	-	-	-	5,647	-	-	-	5,647	9,284
Career development costs	-	-	-	143,162	-	-	-	-	143,162	-
Other events costs	-	-	-	-	18,303	3,643	-	-	21,946	43,240
Marketing	-	-	-	-	-	-	-	9,829	9,829	19,016
Rent and facilities charges	-	-	-	-	-	-	-	59,040	59,040	106,850
IT and office costs	-	-	-	-	-	-	-	44,568	44,568	68,370
Legal and professional fees	-	-	-	-	-	-	-	11,489	11,489	23,011
Travel and subsistence	-	-	-	-	-	-	-	4,136	4,136	15,716
Other costs	-	-	-	-	-	-	-	30,560	30,560	16,826
Depreciation	-	-	-	-	-	-	-	19,872	19,872	19,872
	303,997	173,678	53,097	300,582	141,355	77,780	22,379	220,762	1,293,630	1,486,819
Support costs	44,152	52,983	6,623	52,983	33,114	30,907	-	(220,762)	-	-
Governance costs	4,476	5,371	671	5,371	3,357	3,133	(22,379)	-	-	-
Total expenditure 2020	352,625	232,032	60,391	358,935	177,826	111,820	-	-	1,293,630	-

Faculty of Medical Leadership and Management

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For the year ended 31 December 2019

5b Analysis of expenditure (current year)

	Charitable activities								
	Raising funds £	Membership £	Revalidation and appraisal £	Development Services £	Education and Training £	FMLM Events £	Governance costs £	Support costs £	2019 Total £
Staff costs (Note 7)	156,357	106,126	20,395	139,877	94,609	84,747	10,135	29,624	641,871
Temporary staff costs	21,085	31,614	6,980	13,052	11,191	16,970	-	10,314	111,205
Other staff costs	-	-	-	-	-	-	-	29,937	29,937
Consultancy costs	216,574	-	-	-	-	-	-	-	216,574
Membership costs	-	2,300	-	-	-	-	-	-	2,300
Journal costs	-	53,133	-	-	-	-	-	-	53,133
Revalidation and appraisal costs	-	-	18,843	-	-	-	-	-	18,843
Clinical Fellowship Scheme costs	-	-	-	84,362	40	-	-	-	84,402
Development services costs	-	-	-	6,369	-	-	-	-	6,369
Education and training costs	-	-	-	-	9,284	-	-	-	9,284
Other events costs	-	-	-	-	17,848	25,392	-	-	43,240
Marketing	-	-	-	-	-	-	-	19,016	19,016
Rent and facilities charges	-	-	-	-	-	-	-	106,850	106,850
IT and office costs	-	-	-	-	-	-	-	68,370	68,370
Legal and professional fees	-	-	-	-	-	-	23,011	-	23,011
Travel and subsistence	-	-	-	-	-	-	3,196	12,520	15,716
Other costs	-	-	-	-	-	-	-	16,826	16,826
Depreciation	-	-	-	-	-	-	-	19,872	19,872
	394,016	193,173	46,218	243,660	132,972	127,109	36,342	313,329	1,486,819
Support costs	62,666	75,199	9,400	75,199	46,999	43,866	-	(313,329)	-
Governance costs	7,268	8,722	1,090	8,722	5,451	5,088	(36,342)	-	-
Total expenditure 2019	463,950	277,094	56,708	327,581	185,422	176,063	-	-	1,486,819

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For the year ended 31 December 2020

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	19,872	19,872
Interest payable	100	13
Operating lease rentals:		
Property	48,243	48,243
Other	1,268	1,268
Auditor's remuneration (excluding VAT):		
Audit	8,250	8,100
Other services	2,850	2,700
	<u>676,195</u>	<u>641,871</u>

7 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	575,127	542,950
Social security costs	64,886	63,700
Employer's contribution to defined contribution pension schemes	36,182	35,221
	<u>676,195</u>	<u>641,871</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2020 No.	2019 No.
£70,000 – £79,999	2	1
£110,000 – £119,999	1	–
£130,000 – £139,999	–	1
	<u>3</u>	<u>2</u>

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £297,008 (2019: £279,953).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £4,266.20 (2019: £3,196) incurred by 5 members (2019: 4) relating to attendance at meetings of the trustees.

Faculty of Medical Leadership and Management

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For the year ended 31 December 2020

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 11 (2019: 11).

Staff are split across the activities of the charitable company as follows (full time equivalent basis):

	2020 No.	2019 No.
Raising funds	2.8	2.4
Membership	2.0	1.9
Revalidation and appraisal	0.5	0.4
Development services	2.4	2.7
Education and training	1.9	1.6
FMLM events	1.2	1.4
Support	0.3	0.7
	11.1	10.9

9 Related party transactions

There are no related party transactions to disclose for 2020 (2019: none).

10 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary FMLM Applied Limited gift aids available profits to the parent charity. Its charge to corporation tax in the year was:

	2020 £	2019 £
UK corporation tax at 19% (2018: 19%)	59	-

The amount recognised in 2020 is for the corporation tax charged on the 2019 profits. The cost has been recognised in 2020, in line with the FMLM Applied Limited accounts.

11 Tangible fixed assets

The group and charity

	Fixtures and fittings £	Leasehold improvements £	Total £
Cost			
At the start of the year	1,560	58,057	59,617
Additions in year	-	-	-
At the end of the year	1,560	58,057	59,617
Depreciation			
At the start of the year	520	19,352	19,872
Charge for the year	520	19,352	19,872
At the end of the year	1,040	38,704	39,744
Net book value			
At the end of the year	520	19,353	19,873
At the start of the year	1,040	38,705	39,745

12 Subsidiary undertaking

The charitable company owns the whole of the issued ordinary share capital of FMLM Applied Ltd, a company registered in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. Kirsten Armit and Jenny Ehrhardt are also directors of the subsidiary. A summary of the results of the subsidiary is shown below:

	2020 £	2019 £
Turnover	355,326	649,293
Cost of sales	(106,388)	(179,042)
Gross profit	248,938	470,251
Administrative expenses	(21,289)	(78,778)
Management charge payable to parent undertaking	(214,401)	(228,527)
Profit / (loss) on ordinary activities before taxation	13,248	162,946
Tax paid	(59)	-
Profit / (loss) for the financial year	13,189	162,946
Retained earnings		
Total retained earnings brought forward	162,946	-
Profit / (loss) for the financial year	13,189	162,946
Distribution under Gift Aid to parent charity	(162,946)	-
Total retained earnings carried forward	13,189	162,946
The aggregate of the assets, liabilities and funds was:		
Assets	673,865	457,130
Liabilities	(660,676)	(294,184)
Funds	13,189	162,946

Amounts owed to/from the parent undertaking are shown in note 15.

13 Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2020 £	2019 £
Gross income	1,344,110	1,124,543
Result for the year	178,217	(104,456)

14 Debtors

	The group		The charity	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	214,159	376,064	213,168	205,705
Other debtors	8,295	33,483	8,729	28,234
Accrued income	164,091	60,021	148,768	57,977
	386,545	469,568	370,665	291,916

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For the year ended 31 December 2020

15 Creditors: amounts falling due within one year

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	12,973	156,937	13,605	25,073
Amounts owed to subsidiary	-	-	3,632	3,313
Taxation and social security	44,581	54,480	20,082	30,806
Accruals	71,889	64,842	71,889	43,030
Deferred income (note 16)	491,924	160,453	10,462	40,306
Other creditors	2,632	-	1,796	-
	623,999	436,712	121,466	142,528

16 Deferred income

Deferred income comprises membership fees and fees for consultancy work received in advance.

	The group		The charity	
	2020	2019	2020	2019
	£	£	£	£
Balance at the beginning of the year	160,453	-	40,306	-
Amount released to income in the year	(160,453)	-	(40,306)	-
Amount deferred in the year	491,924	160,453	10,462	40,306
Balance at the end of the year	491,924	160,453	10,462	40,306

17a Analysis of group net assets between funds (current year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	19,873	-	-	19,873
Net current assets	774,453	-	63,572	838,025
Net assets at 31 December 2020	794,326	-	63,572	857,898

17b Analysis of group net assets between funds (prior year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	39,745	-	-	39,745
Net current assets	788,161	-	1,532	789,693
Net assets at 31 December 2019	827,906	-	1,532	829,438

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18a Movements in funds (current year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
Restricted funds:					
Expert Leadership Development Programme	1,532	28,505	(18,303)	-	11,734
Career Development for Medical Leaders	-	165,000	(143,162)	-	21,838
Career Development for UK doctors registered with the General Medical Council	-	30,000	-	-	30,000
Total restricted funds	1,532	223,505	(161,465)	-	63,572
Unrestricted funds:					
General funds	827,906	1,098,585	(1,132,165)	-	794,326
Total unrestricted funds	827,906	1,098,585	(1,132,165)	-	794,326
Total funds	829,438	1,322,090	(1,293,630)	-	857,898

18b Movements in funds (prior year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Restricted funds:					
Expert Leadership Development Programme	-	19,380	(17,848)	-	1,532
Total restricted funds	-	19,380	(17,848)	-	1,532
Unrestricted funds:					
General funds	(731)	2,297,608	(1,468,971)	-	827,906
Total unrestricted funds	(731)	2,297,608	(1,468,971)	-	827,906
Total funds	(731)	2,316,988	(1,486,819)	-	829,438

18b Movements in funds (prior year continued)

Expert Leadership Development Programme

A grant provided by the Dinwoodie Charitable Company in respect of the delivery of an Expert Leadership Development Programme. The aim of the project is to design and deliver a unique bespoke programme of leadership and management development which is generalisable across the profession to guarantee a healthy pipeline of doctors prepared and well equipped to take on major roles in leading health services in the UK, and to undertake a detailed evaluation of the programme to include measurement of the change in leadership capability of the participants.

Career Development for Medical Leaders

A grant provided by the Dinwoodie Charitable Company in respect of the delivery of an online learning platform for medical leadership and management training for the medical profession. The aim of the project is to develop a fully interactive digital toolkit which will provide a comprehensive 'cradle to grave' career map with links to a broad collection of educational materials and advice for doctors to develop as medical leaders. In addition it is intended that this resource will provide support to doctors having to meet the compulsory requirements of revalidation specifically with regard to the domain of leadership.

Career Development for UK doctors registered with the General Medical Council

A fund to be used for the enhancement of the management and leadership skills and abilities of individual UK doctors registered with the General Medical Council. To be used to increase the leadership and management experience, skills and abilities by gaining experience of the healthcare systems in nations or regions in which the individuals do not currently work.

19 Operating lease commitments

The charity and group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property		Equipment	
	2020	2019	2020	2019
	£	£	£	£
Less than one year	44,223	20,101	1,162	1,268
One to five years	-	-	-	1,162
	<u>44,223</u>	<u>20,101</u>	<u>1,162</u>	<u>2,430</u>

20 Transfer of assets from Royal College of Physicians (prior year)

Prior to the 2019 financial year, the charity's activities were operated through the Royal College of Physicians. Following the establishment on this new separate charity, the net assets of the activities, were transferred from the Royal College of Physicians on 1 January 2019. A breakdown of the assets transferred is included below.

	2019 Total
	£
Fixed assets	<u>55,652</u>
Current assets	
Debtors	329,863
Cash at bank and in hand	<u>1,024,589</u>
Total current assets	1,354,452
Creditors: amounts falling due within one year	<u>(638,425)</u>
Net current assets	<u>716,027</u>
Net assets	<u>771,679</u>

21 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.