Developing people for health and healthcare

Health Education England

(Special Health Authority)

Annual Report and Accounts

2013 / 14

THE NHS CONSTITUTION
the NHS belongs to us all

NHS
Health Education England

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(Special Health Authority)

Annual Report and Accounts 2013/14

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Foreword

from the Chair and Chief Executive

Professor Ian Cumming, OBE, Chief Executive

Sir Keith Pearson JP DL, Chair

HEE is one year old and this is a report of that first year. It is a report of success, showing how a single organisation focused on the whole workforce now and in the future can make a difference to the care our patients receive.

It was also the year the NHS set out to learn the lessons of Mid Staffordshire Hospital, implementing the findings of the Robert Francis Report. The failures of compassion and care in one trust acted as a wakeup call for us all and HEE has already played its part in turning the NHS to a better future.

Mid Staffs was a failure of values and behaviours; the basics of care and compassion we expect from those who look after us and our loved ones at our time of need. That is why HEE has introduced the pre-degree care experience programme where prospective nurse students serve as care assistants prior to joining their course, testing their values and commitment to becoming truly great nurses.

It is why HEE is leading the movement to make recruiting for values the norm in our NHS. By March 2015 we will ensure that selection into all new NHS funded training posts incorporates testing for values. To help transform the wider workforce, we are working with NHS Employers as part of this programme to provide tools and resources to support NHS organisations in recruiting for values.

We have met hundreds of trainee doctors; nurses; healthcare assistants; midwives; pharmacists; dentists and other allied health professionals over the course of the year, in universities, hospitals and our communities. And we can report that the focus on values, caring and compassion has been felt by our next generation. They possess deeply caring values and demonstrate a passion for care centred on the individual patient and their family. The clinical skills we teach are vital, but the knowledge that just having the right skills will not cut it in a post-Mid Staffs NHS is clear to all.

These are just some of the areas where HEE has delivered in our first full year, working nationally and locally through our thirteen provider led Local Education and Training Boards (LETBs). Building from a safe transition out of the old NHS in April 2013 HEE has already trained well over 100,000 NHS staff in dementia awareness; worked with the College of Emergency Medicine to help solve problems in our A&Es; and delivered the first ever National Workforce Plan for England based on the local plans of LETBs.

Our National Workforce Plan was the most open and transparent ever with a call for evidence nationally allied to real provider and commissioner involvement in every corner of England. The plan covered medical and dental as well as other professions in a single document, a single plan for our public health and healthcare workforce.

This approach to the whole workforce included, for the first time, a focus on those who are amongst the lowest paid in the NHS and provide huge amounts of care to patients. The Bands 1-4 workforce of care assistants, receptionists, porters and others have more contact with patients than any other section of the workforce, yet we spend almost nothing on their education and development. We will change that, and already we are seeking ways to allow staff to build on their skills and move to the professional, clinical workforce in a way that works for them and their families.

All of this, and much more, can be found in HEE's first ever Mandate which set out, alongside spending over £4.5bn on education and training in our Universities and NHS Trusts, what the Government expected of us. We are proud that in our first year we delivered on that Mandate; commissioned our first round of new students; and found our place in the new NHS locally and nationally all within budget.

From this strong base we prepare for the future as a Non-Departmental Public Body (NDPB) as outlined in the new Care Act. Delivering more now, including the programmes in Better Training Better Care, the changes recommended in Shape of Training and our new nurse focused Shape of Care commission. We will work with others to deliver the new Care Certificate across the NHS and Social Care, whilst ensuring the NHS, its patients and its staff are at the forefront of the Genomics revolution.

We will do this and more through the staff who have made year one such a success and through our continued partnerships across the public health and healthcare in England, across the UK and internationally. We hope you find our annual report both informative and enjoyable and we look forward working with you in Year Two.

Professor Ian Cumming,
OBE, Chief Executive

Sir Keith Pearson
JP DL, Chair

Our purpose

Health Education England (HEE) exists for one reason only:

to help improve the quality of care patients receive. To do this we spend nearly £5bn a year on undergraduate and postgraduate education and training to ensure that the whole health and healthcare sector in England, including the NHS, the independent sector and public health have the most highly qualified new professionals in the world. We are an arm's-length body of the Department of Health, providing system-wide leadership and oversight of workforce planning, education and training across England.

HEE is currently a special health authority which took on five key functions on 1 April 2013:

- Providing national leadership on planning and developing the healthcare and public health workforce
- Promoting high quality education and training that is responsive to the changing needs of patients and local communities, including responsibility for the delivery of key national functions such as medical trainee recruitment
- Ensuring security of supply of the health and public health workforce
- Appointing and supporting the development of the Local Education and Training Boards (LETBs)
- Allocating and accounting for NHS education and training resources and the outcomes achieved.

We currently have around 160,000 students at various stages of their education, from junior doctors in our hospitals to potential student nurses joining our innovative pre-degree care experience programme in response to the Francis Inquiry.

HEE is a product of the idea that the education and training of the health and healthcare workforce should be planned and delivered as close to the patient as possible, whilst making best use of public money by ensuring that we have the right people with the right skills, attitudes and behaviours in the right place at the right time in the right numbers across the whole country.

For the first time all responsibility for education and training is in one organisation, a single organisation on the national and international stage led by healthcare providers locally through our 13 Local Education and Training Boards (LETBs). Every corner of England is covered by a LETB, which are committees of the HEE Board, ensuring that local decisions, local issues and local conditions are as core to commissioning student numbers as government priorities and a national overview are.

We are already making a difference to how we educate and train which will make a difference to the quality of care. We are recruiting the best and brightest from our schools; we are reforming medical and non-medical education programmes to include quality improvement science; we are working with NHS Employers to ensure that each and every job in the NHS - from Chief Executive to porter - carries a values-based assessment of candidates. There are many more examples we could choose, but, most importantly, we are making a difference to patients.

Strategic Report

Strategic priorities in 2013/14

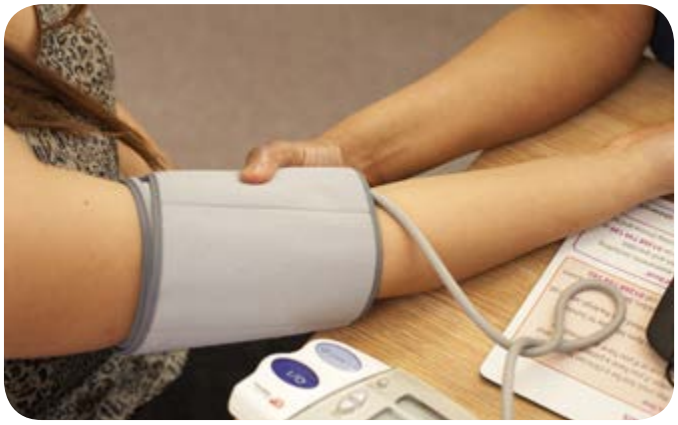
Our Business Plan for 2013/14 set out a number of key priorities, so HEE could focus efforts and target resources in the most effective way. We worked with the Department of Health, and our LETBs to agree an Operating Model that set out an overarching approach to decisions on work that needs to be led nationally, or which local bodies need to drive forward. The delivery of high quality patient care is at the heart of this model, underpinned by workforce planning, commissioning and quality management processes to help us achieve key outcomes.

From the start HEE has been committed to an evidence-based approach, so we consulted with our stakeholders to develop our strategic priorities for 2013/14 and have built on those conversations to inform the development of our 15 year strategic framework, which will be published in Summer 2014.

Our priorities for 2013/14 flowed from a number of sources:

- the Department of Health's Education Outcomes Framework
- the Government's Mandate to HEE
- our Strategic Directions
- the implementation of recommendations from the Francis Inquiry
- our Strategic Intent, published in January 2013 and updated in July 2013 following extensive consultation and engagement with stakeholders
- plus some inherited priorities from forerunner organisations

For the full Business Plan, go to www.hee.nhs.uk/2013/07/11/hee-business-plan-201314/



The Government's Mandate to HEE

In May 2013, the Department of Health published *Delivering high quality, effective, compassionate care: Developing the right people with the right skills and the right values*, the Government's Mandate to HEE which was to run from April 2013 to March 2015.

This set out the core deliverables for which HEE will be held to account by the Department of Health. The document outlines our role in supporting the commitment to deliver high quality health and public health services and was aligned with the priorities set out in the Mandate for NHS England and the NHS and Public Health Outcomes Frameworks.

The Department of Health 'refreshed' the Mandate of NHS England in November 2013. We worked with the Department of Health to develop our refreshed Mandate for 2014/15 which was published in May 2014, and builds on the foundations laid in 2013/14.

A developing strategy

In January 2013 we published *Introducing Health Education England: Our Strategic Intent*, which set out the purpose of Health Education England, beginning a conversation with our stakeholders to help us develop our strategic priorities. We were delighted with both the quality and number of responses we received from organisations and individuals from across the health and care system. Some responses supported the direction of travel we set out; some presented us with challenges and some asked questions that we needed to find the answers for together.

We promised to review our strategic priorities in light of the feedback received following the publication of the Robert Francis report and Health Education England's Mandate and in July 2013 we published our *Strategic Intent Update* which summarised the responses to *Our Strategic Intent* and what action we planned to take as a result.

Since July, we have been working closely with our advisory structures and partners and colleagues across the system, including NHS England and Public Health England to agree a shared vision of the health and care landscape in the future which we are using to produce a strategic framework that looks 15 years ahead and will be a guide to action for HEE across the country and our partners.

NHS Careers

NHS Careers joined HEE in July 2013 and quickly found its feet with new HEE colleagues as the 'go to' information service about the many careers in the NHS, currently totalling more than 350.

A review of the current health careers services is underway to explore and identify the way forward for NHS Careers, Medical Careers and PHORCaST (public health careers). Alongside the review, a state of the art and user-friendly website is being developed to encompass NHS Careers, Medical Careers and PHORCaST, as well as the existing Step into the NHS website for secondary school age young people.

September saw the launch of the Step into the NHS annual schools competition. The competition attracted a record number of entries from nearly 2,500 year 8 and 9 students from 93 schools nationwide. The winners will be announced at HEE's national conference in May.

In November, NHS Careers worked with LETB colleagues in the Midlands to set up interactive activities and information at the national Skills Show at the NEC. The stand was a resounding success and showcased ambulance service, healthcare science and nursing careers, among others, to more than 82,000 primary and secondary school age children.

Spring 2014 saw a strong presence from NHS Careers at the science-focused Big Bang Fair in Birmingham and three National Career Guidance Shows across England, providing the opportunity to talk directly to young people, teachers, parents and career advisers.

NHS Careers will continue to contribute to HEE's strategic framework and is playing a vital role in the national Return to Practice nursing project. Activity to encourage more current and potential nurses to consider community nursing roles is also underway.

Judging panel examines a dramatherapist entry in the schools competition

10

Advisory structures

Our ambition is to put the patient and the public voice at the centre of what we do. We want the patient and public voice to be present, powerful and involved so that we can ensure that the education, training and workforce planning process is wrapped around the needs of the patient. This in turn will ensure a better connection between the decisions and investments we make and the quality of care and experience the patient receives.

This is why our governance and advisory arrangements are so important, and why one of the first things we did upon being established was to review the advisory structures we had inherited to ensure they were fit for purpose. Most of the uni-professional advisory groups we inherited included one or two patient representatives, and the Associated Health Professions (AHP) Advisory Group had a dedicated Patients' Forum. However, the advisory mechanisms we inherited did not include a Patients' Forum that looked across all the professions. To ensure that the patient voice is paramount, we have established a Patient Advisory Forum with a key remit to inform the development of our strategic framework.

At HEE we know that to achieve the best outcomes for patients, we need to develop key relationships with our stakeholders. We need to work in partnership with the wider system to ensure that the decisions HEE makes are driven by the needs of current and future patients and informed by the advice and expertise of our stakeholders, partners and patients. HEE wants to receive valuable uni-professional advice, along with a multi-professional forum to get advice on education, training and workforce planning from across the system.

To ensure we are able to meet these expectations we conducted a mapping exercise of the existing advisory structures, and sought views from our stakeholders. We found there was a consensus that, although the status quo provides a rich source of intelligence and advice, there was a need to revise and simplify the advisory landscape, and design new decision making architecture that would meet our needs.

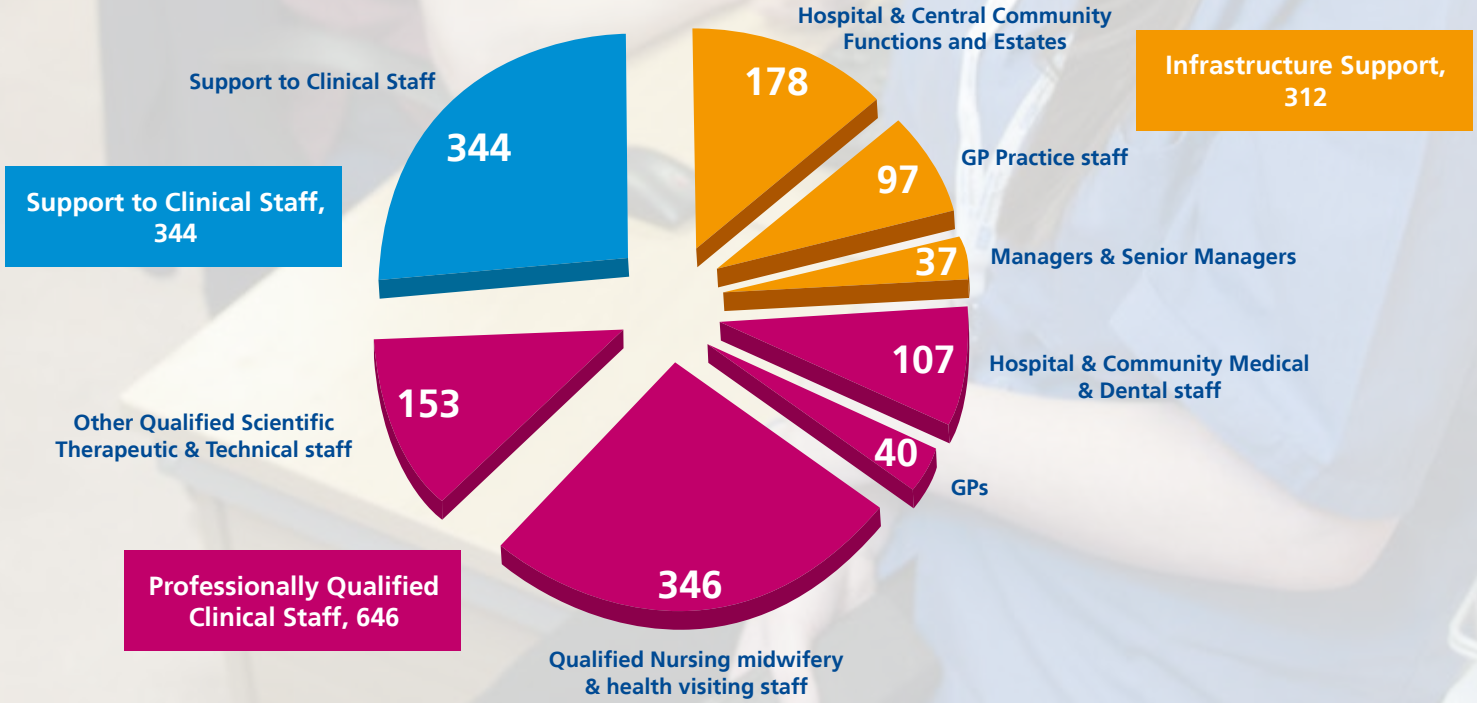
With that in mind HEE have established a Strategic Advisory Forum as a means by which the board of Health Education England can receive the very best advice from a range of views and perspectives.

HEE has built on the professional advisory structure that was inherited from the Department of Health and Medical Education England to establish six HEE Advisory Groups (HEEAGs) focused on professional groups, namely Allied Health Professions, Dental, Healthcare Science, Medical, Nursing and Midwifery and Pharmacy. In order to ensure HEE is able to receive the advice it needs from all parts of the system, we have also established two new HEEAGs for Public Health and Mental Health.

Planning for the whole NHS workforce

With over 1.3 million staff performing over 350 different types of jobs across more than 1,000 employers, the NHS requires a robust workforce planning process. Since April 2013, for the first time ever, responsibility for all workforce planning and the commissioning of training and education for the next generation of health professionals has been placed within one organisation - Health Education England. Our plans are built upon the needs of our 13 LETBs which are employer led and informed by the professional expertise of our advisory groups and other stakeholders.

Number of staff 000s



Source: 2012 figures cited from HSCIC Annual Workforce Census 2013 Publication. NB: The NHS Workforce Census bulletin only includes Pharmacy Staff directly employed by the NHS and not those employed in local high street or independent pharmacies.

In December 2013 we published our first ever Workforce Plan for England, bringing together our thirteen local plans, and setting out in one place the investments we will make for 2014/15 on behalf of the system.

To read the full Plan visit www.hee.nhs.uk/2013/12/17/hees-first-national-workforce-plan-published-today/

HEE currently commissions 129 structured programmes of education to create the future workforce for 110 different roles. In 2014/15 we plan to recruit 32,299 students and trainees to commence training programmes in professions such as nursing, midwifery, healthcare science and allied health professions, and a further 25,668 trainees will commence different elements of undergraduate and postgraduate medical and dental education.

The plan, and the processes that underpin it, are comprehensive, however we have placed specific focus on key areas where our planning intelligence indicated close attention was required, or in response to our Mandate.

For adult nursing commissions, for example, providers indicated their intention to employ a further 3,700 full-time equivalent posts in acute hospital settings during 2013/14 - an increase of 2.1%. When considered alongside the likely impact of providers' responses to the recommendations of the Francis Inquiry and the subsequent National Quality Board guidance on staffing capacity and capability, we concluded that there was a strong case to increase training volumes to deliver additional growth. HEE is also working with NHS Employers and local partners to co-ordinate shorter term supply initiatives, such as a 'return to practice' campaign.

We have also however indicated our ambition to support service improvement and transformation through investment in the skills, values and behaviours of current staff, as well as secure the supply of the right numbers of different professionals. Our intention for the 2014 planning round is to build on our work this year and explore how we can put the needs of people at different stages of their life at the heart of our planning.

Francis on the frontline

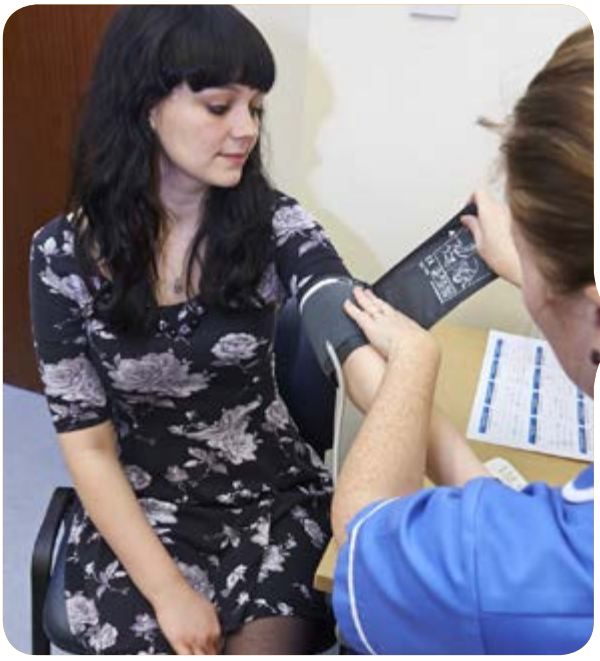
The second Francis Report, released at the beginning of 2013 by Robert Francis QC was shaming for the NHS. While issues in the report cover a range of areas, problems with values, behaviours and culture were at the root of the issues addressed in the report.

In our first year, we have made this a priority – aiming to change the education and training system to ensure that patients are our first priority and that we are developing the right staff, with the right values and behaviours. Through education, training and continuing development, we aim to further enable and develop environments where people can learn and work together in a way that allows care and compassion to flourish. The recommendations published in Francis, the Cavendish Review that followed and other key publications, have provided us with a platform to take this work even further over the coming months and years.

Professor Chris Welsh, Director of Education and Quality

"We have a responsibility to ensure that all staff embrace the NHS values in their work. Here at HEE, we are working to change the culture in the NHS, putting care and compassion high on the agenda. Our programmes of work aim to put patients first, through promoting innovation and improvements in education and training across the NHS."

Pre-nursing experience pilot



We have been mandated to implement and evaluate a pilot project that allows aspiring nurse students to work as healthcare assistants, gaining real life care experience in a working environment, and allowing us to evaluate their values and behaviours, particularly focusing on care and compassion.

The pilot recruited 165 aspiring nurses with no or little experience, into paid positions from September 2013, for up to one year to test to see if they were right for the job and if the job was right for them. Six of our LETBs ran pilot sites in partnership with over 30 employers and around 20 universities.

This pilot has been an innovative approach to better understand how our future nurses can be equipped to deliver the high quality and compassionate care that our patients deserve and expect. Although the pilot is still underway, we've already received positive feedback from participants, trusts and universities. We are currently recruiting a second cohort of participants and exploring ways in which this pilot might work with other professions.

Care Certificate

With Skills for Care, we are leading on the development of the Care Certificate, recognising that our care support workers deliver more direct care in the NHS than any other staff group, but receive only a tiny fraction of the education and training resources available. The Care Certificate will bring consistency and quality to the induction of the 1.5 million plus support workers across health and social care, building on current standards and introducing the assessment of both knowledge and competence. We will be running a consultation and pilot from April to September 2014 to test the content and delivery of the Care Certificate ready for full implementation in March 2015.

Better Training Better Care

Better Training Better Care aims to improve the quality of training and learning for the benefit of patient care by enabling the delivery of the key recommendations from two reports – Sir John Temple's *Time for Training* and Professor John Collins' *Foundation for Excellence*. The programme addressed areas of work including the role of the trainee and trainer, Technology Enhanced Learning, broadening the foundation programme and our pilot projects.

We funded 16 trusts to pilot innovative projects around education and training and service delivery to see how we can 'do things differently' in order to have a positive impact on the learning of doctors in training, their supervisors and the multi-disciplinary team - ultimately to improve patient care. Our key findings so far have been very positive; an example of the pilots' success can be seen in East Kent's results:

East Kent Hospital University NHS Foundation Trust has had great success in demonstrating a 6% reduction in length of stay across long term conditions and urgent care, with a reduction of 0.5 days in the overall length of stay, which represents savings of up to £663,912; a 1% reduction in mortality; and an increase in Saturday and Sunday discharges by 20% and 5.5% respectively.

Emergency medicine

We're currently looking at how we can improve education and training delivered to our medical workforce, ensuring we have the right amount of staff delivering emergency medicine care, in the right places. As part of this work, we are also looking at the impact the alternative workforce could have on emergency care and how we can ensure other healthcare roles, such as paramedics and physician associates, are educated and trained to help deal with emergency medicine pressures.

We're currently working on over 30 programmes, covering policy change and implementation of projects across the entire healthcare workforce – all of which will impact positively on patient care through improved education, training and/or workplace experience.

For more information, visit www.hee.nhs.uk/work-programmes.

Focusing on the quality of education

The quality of education and training is at the heart of HEE's work. A high quality education will ultimately mean higher quality care for patients. We influence and change policy, while implementing programmes that improve education and training, with the patient always in mind. Considering the demands of HEE's Mandate, plus key reports from Francis, Berwick and others, we work with colleagues, partners, and stakeholders, to implement changes in the system that will make a difference now and in the future.

HEE's Directorate of Education and Quality commissions education courses from over 70 universities providing for 34,000 new students, recruits 7,300 medical school graduates into foundation training and 10,000 doctors into specialist training. The training of over 38,000 thousand doctors is managed each year to ensure appropriate progression.

Some of the projects we're currently working on include:

Emergency and acute medicine	Attracting doctors to work in emergency medicine through a range of initiatives, to ensure shortages are filled and patient care is improved. More details can be found at www.hee.nhs.uk/2013/12/17/emergency-medicine-background-to-hee-cem-proposals-to-address-workforce-shortages/
Paramedics	Supporting improved training by looking at and implementing recommendations from the Paramedic Evidence based Education Project report that have the greatest impact on patient care. For more on this topic visit http://hee.nhs.uk/2013/09/20/hee-supports-improved-training-for-paramedics/
Health Visiting	Ensuring there are sufficient numbers of training places commissioned to support delivery of the Government's commitment to increase the health visiting workforce by 4,200 by April 2015.
Dementia	A Government Mandate priority – we've achieved our goal this year of training 100,000 staff in dementia awareness training.
Mental health	We're working on commissioning the required number of IAPT (Increasing Access to Psychological Therapies) training places.
Shape of Training and four-year GP training	We're working with the Shape of Training team to ensure medical training is designed to meet future demand and equip doctors with the right skills and values. This includes looking into four-year GP training.

UK Foundation Programme Office (UKFPO)	The UKFPO facilitates the operation and continuing development of the Foundation Programme and transitioned to HEE 1 April 2014. www.foundationprogramme.nhs.uk/pages/home
Medical and Dental Recruitment and Selection	Working to improve medical and dental recruitment through the introduction of Oriel, an online recruitment portal, piloting of a specialty selection test in medicine and other careers initiatives. www.hee.nhs.uk/work-programmes/medical-and-dental-recruitment-and-selection/
Pre-nursing experience pilot	We've recruited 165 aspirant nurses in care settings in six areas across England to get real, paid caring experience for up to year as a Healthcare Assistant before they apply to take up an NHS-funded degree course. More details can be found at www.hee.nhs.uk/2014/02/19/aspirant-nurses-describe-journey-so-far-on-pioneering-care-pilots/
Care Certificate	We're running a pilot in Spring 2014 to trial the Care Certificate, which will introduce standardised education and training for all support workers (over 1.5 million members of staff) across health and social care in England.
Pharmacy	We've launched a new framework to help pharmacy professionals improve their skills in carrying out consultations with patients and in delivering public health messages. www.hee.nhs.uk/2014/03/19/consultation-skills-for-pharmacy-practice-framework-launched/
Modernising Scientific Careers	In January 2014, we published our Scaling the Heights document, which demonstrates how the Higher Specialist Scientist Training (HSST) programme will deliver the consultant clinical scientists the service requires. www.hee.nhs.uk/2014/01/24/hee-publishes-modernising-scientific-careers-scaling-the-heights-report/
Dental	We have reduced the number of dental placements being recruited to in 2014 to meet the proposed demand of the future workforce, saving money.
Ministry of Defence and reservists	We're working with partners to encourage employers to improve support for staff serving with the MoD and reservists, while scoping out further work in this area.

Non-surgical cosmetics	We're reviewing training for providers of some non-surgical procedures, such as dermal filler injections and botulinum toxin (commonly known as 'Botox'). www.hee.nhs.uk/2014/02/13/government-response-to-the-review-of-the-regulation-of-cosmetic-interventions/
Antimicrobial Resistance Strategy	We're working with partners to implement a UK-wide strategy, which aims to improve knowledge and understanding, conserve and steward the effectiveness of existing treatments and stimulate the development of new antibiotics, diagnostics and novel therapies.
BTBC: Pilot projects improving training and care on the frontline	Part of the Better Training Better Care programme, we've trialled 16 pilot projects that aim to improve education and training and therefore patient care, and have seen fantastic results. www.hee.nhs.uk/work-programmes/btbc/btbc-pilot-sites/
BTBC: Trainee-led projects improving education and experience	Also part of BTBC, these trainee-led projects range from apps and gaming to surgical kits, mentoring and databases. Currently underway, the projects are also seeing positive early findings. www.hee.nhs.uk/work-programmes/btbc/role-of-trainee/
BTBC: Broadening the Foundation Programme	Part of BTBC, this recently published report sets out a road map for a managed and phased transfer of a greater amount of training into community-based settings, to ensure that the next generation of foundation doctors are better equipped to provide safe, effective and integrated care. www.hee.nhs.uk/work-programmes/btbc/broadening-the-foundation-programme/
Technology Enhanced Learning (TEL)	Working with the Higher Education Academy, we're producing a TEL hub, which will host simulation, e-Learning and m-Learning (mobile learning) packages for the NHS. www.hee.nhs.uk/work-programmes/tel/
e-Learning for Healthcare (e-LfH)	E-LfH continues to deliver e-learning projects that enhance traditional learning and support existing teaching methods, while providing a valuable reference point which can be accessed anytime, anywhere. www.e-lfh.org.uk/home/

Performance and development

Progress against key performance indicators

Our key corporate objectives for 2013/14 are described within HEE's Business Plan and our progress against delivering these commitments is documented and reported to our Board quarterly via the Integrated Performance Report (IPR).

For more details visit www.hee.nhs.uk/2014/03/14/hee-board-meeting-20-march/

The IPR outlines progress against the key objectives contained within our Business Plan and the Mandate. These deliverables are set within the context of the Department of Health's Education Outcomes Framework (EOF) and its five associated domains, and a further enabling domain that includes financial and organisational performance:

- **Domain 1** → Excellent Education
- **Domain 2** → Competent & Capable Staff
- **Domain 3** → Widening Participation
- **Domain 4** → Flexible Workforce responsive to Research and Innovation
- **Domain 5** → NHS Values and Behaviours
- **Domain 6** → Corporate Indicators

Each deliverable has a Senior Responsible Owner who is responsible for ensuring delivery, working with LETBs and our key partners in the wider education and health and social care system. Underpinning our complex programmes of work is a robust Programme Management approach.

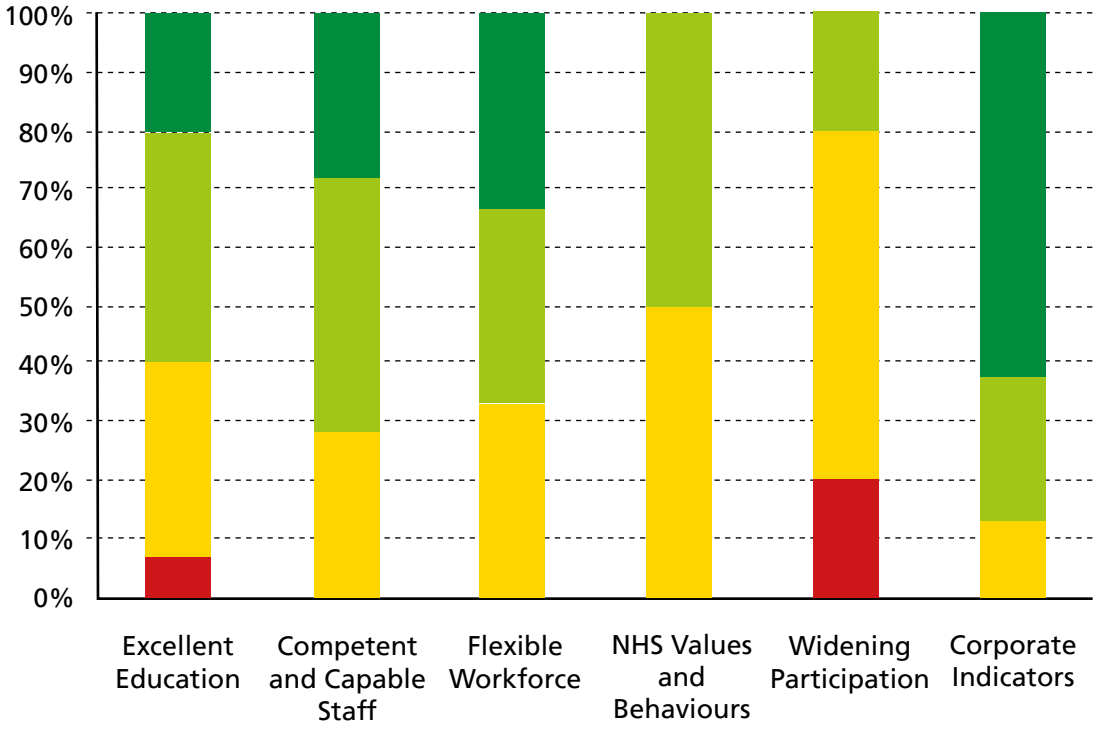
The table here shows progress against each of our commitments: these are rated using a traffic light system (red, amber, green). Green indicates that we have either achieved, or are on track to achieve the objective; amber indicates some risk to delivery and red identifies where there are significant concerns over delivery. All red rated objectives are reviewed in detail and included on HEE's Risk Register.

Our performance is assured through the corporate integrated performance framework by the HEE Board and through quarterly and end of year reviews between our leadership and Department of Health sponsor teams, in accordance with the roles and responsibilities set out in the DH/HEE Accountability Framework.

The IPR is routinely shared and discussed in the public domain. It is also available to regulators, professional bodies, employers and providers with whom we work to ensure delivery of these objectives.

A summary of our performance during 2013/14 is shown here

End of Year RAG status by Domain



Domain	Strategic objective				
1	Excellent Education	1	5	6	3
2	Competent and Capable Staff	0	4	6	4
3	Flexible Workforce	0	1	1	1
4	NHS Values and Behaviours	0	2	2	0
5	Widening Participation	1	3	1	0
6	Corporate Indicators	0	2	4	10
	TOTAL	**2**	**17**	**20**	**18**

Key

- **Not achieved; high risk of non-delivery**
- **Not achieved; some risk to delivery within timescales**
- **Not achieved; on plan to deliver by due date**
- **Achieved; completed objective**

Key highlights from 2013/14

There are 57 deliverables identified from HEE's Business Plan and Mandate that are reported within HEE's Performance Report. Of these, 38 (66.7%) have been achieved or are on target to be achieved by the expected delivery date. In addition, a further 17 deliverables (29.8%) are making good progress. The remaining two deliverables (3.5%) are RAG rated as red.

During the course of 2013/14 all LETB conditions and development areas have been addressed and approved by the HEE Board. LETBs are now embarking on their longer term transformational journey and have made considerable progress in their first year of operation to the attainment of the next step on the maturity model.

HEE has also implemented a pilot project that allows aspiring nurse students to work as healthcare assistants, gaining real life care experience in a working environment, and allowing us to evaluate their values and behaviours, particularly focusing on care and compassion. Although the pilot is still underway, HEE has received positive feedback from participants, trusts and universities. A second cohort of participants is currently being recruited. HEE is now exploring how to expand the project to other professions.

Excellent progress is also being made with the Values Based Recruitment (VBR) Programme which is working with education providers and health employers, and also making arrangements to ensure evaluation of the outcomes of our work in this area. A tool to support organisations in mapping their processes to the NHS Constitution has been launched and is available at http://www.nhsemployers.org/case-studies-and-resources/2014/04/values-mapping-tool. October 2014 will see the publication of a framework of tools and resources to support recruiting for values.

Other key highlights in 2013/14 included the early delivery of the target to ensure that 100,000 staff received foundation level dementia training by March 2014. The dementia scoping survey identified a total of 108,888 people trained as at 14 October 2013, the delivery of this target will ensure that our workforce is appropriately trained to manage and support the growing number of people with dementia.

HEE also produced its first national Workforce Plan. The plan includes a five year workforce forecast to inform 2014/15 investment decisions to ensure the right numbers of healthcare professionals are trained for future recruitment and employment from 2017 onwards.

HEE has also had some challenging targets to deliver. Earlier in the year we had RAG rated our delivery of the health visitor target as amber. Due to tremendous efforts across the health community the number of starters entering training was 2,743 (11 over the original plan) and the number of completers 2,043 (152 over plan) by the year end. The delivery against these targets has ensured that the supply side of the target has been achieved for 2013/14 and will support HEE to achieve its target of increasing the health visitor workforce by 4,200 by March 2015.

Other deliverables have been harder to achieve. HEE has a shared responsibility with employers to champion multi-professional continuing professional development. This objective has been red rated throughout the year and there are many factors involved in achieving this goal. HEE is able to support delivery of this shared objective by using levers within the Learning Development Agreement (LDA). These will involve the inclusion of statements within the LDA for providers to have a Board Director responsible for education and training across the whole organisation to ensure senior commitment to this agenda in all trusts that we work with.

Implementation of gamification, development of an electronic game to enthuse and encourage young people to get excited about a career in healthcare, has been postponed pending a piece of discovery work in spring 2014. The outcome of the review will enable HEE to decide whether or not to progress the business case with DH/Cabinet Office or look at different ways to enthuse and encourage young people to get excited about a career in healthcare.

Despite these challenges, HEE is justifiably proud to have achieved so much in its first year of operation.

Looking ahead to 2014/15, the Integrated Performance Report will be revised to reflect the changes in the refreshed Mandate and HEE's 2014/15 Business Plan. To read the Business Plan visit http://hee.nhs.uk/2014/05/01/second-business-plan-launched/

LETB authorisation and development

LETBs are the key committees of HEE through which providers and professionals work collectively to improve the quality of education and training outcomes within their local area and to meet the needs of service providers, patients and the public. LETBs also have significant input into the development of national strategies and priorities so education and training can adapt quickly to new ways of working and new models of service.

By April 2013, all 13 LETBs had demonstrated the safe transition of education and training functions and plans from predecessor strategic health authorities and deaneries into HEE, building on the skills and knowledge that already existed, to secure continuity of training provision and financial governance standards.

The standards against which these transition judgements were drawn were set by HEE and approved by the Secretary of State for Health.

Authorised as committees of the HEE Board, each LETB therefore has the capacity and capability to discharge its new duties and the ambition and plans for the longer journey of transformation and continuous improvement in education outcomes.

In common with all developing organisations there is further to go, so at April 2013 each LETB had identified areas for development and 19 conditions were formally set with nine of the LETBs in order to ensure a focus on agreed immediate priorities for action.

As a result of continued improvement, members of the HEE Board have been able to confirm that during the course of 2013/14, all conditions and areas for development have been addressed.

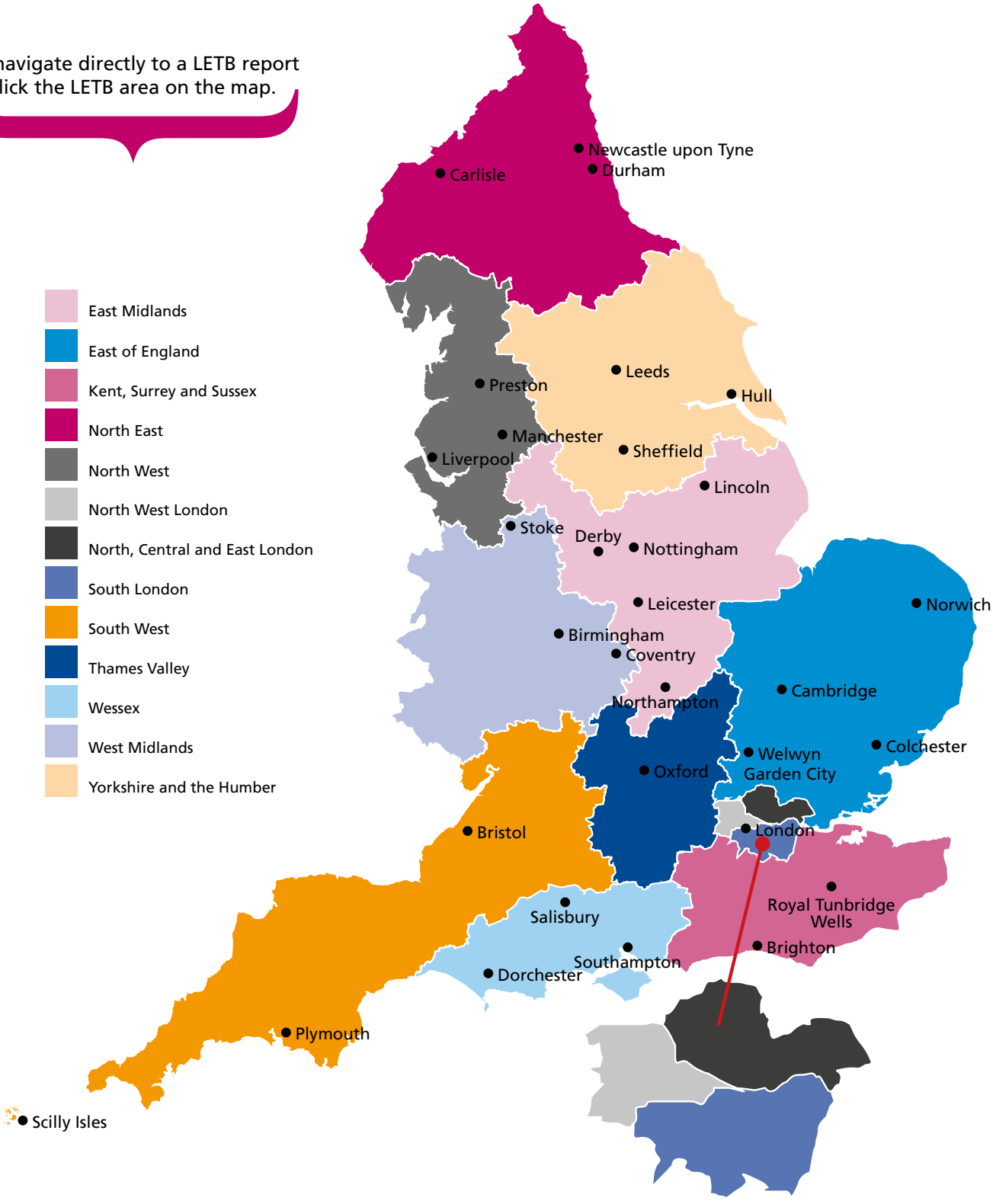
LETBs are now embarked on their longer term transformational journey and have made considerable progress in their first year of operation to the attainment of the next step on the maturity model. This is a staging post to best innovative practice, evidencing continual and demonstrable improvement in delivery, which LETBs are expecting to attain in the next five years.

Our Local Education and Training Boards

We have 13 Local Education and Training Boards (LETBs) that are responsible for the training and education of NHS staff, both clinical and non-clinical, within their local healthcare system. Our LETB provider-led boards, which are committees of HEE, are made up of representatives from local providers of NHS services and cover the whole of England.

The following pages contain more detailed information about our LETBs and their main achievements for 2013/14.

To navigate directly to a LETB report click the LETB area on the map.



LETB	Population	Contact	Areas covered
Health Education East Midlands	4,555,000	1 Mere Way Ruddington Fields Business Park Ruddington Nottingham NG11 6JS Phone: 0115 823 3300 Email: hee.eastmidlands@nhs.net Website: www.em.hee.nhs.uk Twitter: @EastMidsLETB	Derbyshire, Leicestershire and Rutland, Lincolnshire, Northamptonshire, Nottinghamshire.
Health Education East of England	5,800,000	2-4 Victoria House Capital Park Fulbourn Cambridge CB21 5XB Phone: 01223 597 500 Email: heee.communications@nhs.net Website: www.eoe.hee.nhs.uk Twitter: @eoeLETB	Bedfordshire, Hertfordshire, Cambridgeshire and Peterborough, Norfolk, Suffolk and Essex
Health Education Kent Surrey and Sussex	4,000,000	Crawley Hospital 3rd Floor, Red Wing West Green Drive Crawley West Sussex RH11 7DH Phone: 0207 415 3400 Email: heksscommunications@kss.hee.nhs.uk Website: www.kss.hee.nhs.uk Twitter: @HE_KSS	Kent, Surrey, East Sussex, West Sussex
Health Education North Central and East London	3,100,000	4th Floor, Stewart House 32 Russell Square London WC1B 5DN Phone: 0207 866 3100 Email: info@ncel.hee.nhs.uk Website: www.ncel.hee.nhs.uk Twitter: @he_ncel	Barnet, Enfield, Haringey, Camden, Islington, Hackney, Waltham Forest, City, Tower Hamlets, Newham, Redbridge, Barking and Dagenham, Havering
Health Education North East	3,000,000	Waterfront 4 Goldcrest Way Newburn Riverside Newcastle Upon Tyne NE15 8NY Phone: 0191 210 6400 Email: HENE@ne.hee.nhs.uk Website: www.ne.hee.nhs.uk Twitter: @HealthEd_NE	Teesside to the Borders of Scotland.

LETB	Population	Contact	Areas covered
Health Education North West	7,000,000	3rd Floor 3 Piccadilly Place Manchester M1 3BN Phone: 0845 050 0194 Email: info@nw.hee.nhs.uk Website: www.nw.hee.nhs.uk Twitter: @HENorthWest	Cheshire, Merseyside, Greater Manchester, Lancashire, Cumbria
Health Education North West London	1,900,000	Stewart House 3rd floor 32 Russell Square London WC1B 5DN Phone: 0207 862 8591 Email: info@nwl.hee.nhs.uk Website: www.nwl.hee.nhs.uk Twitter: @HE_NWL	Hillingdon, Harrow, Hounslow, Ealing, Brent, Kensington and Chelsea, Hammersmith and Fulham and Westminster
Health Education South London	3,000,000	Stewart House 4th floor 32 Russell Square London WC1B 5DN Phone: 0207 862 8818 Email: info@southlondon.hee.nhs.uk Website: www.southlondon.hee.nhs.uk Twitter: @HealthEdSL	Richmond upon Thames, Kingston upon Thames, Wandsworth, Merton, Sutton, Croydon, Bromley, Bexley, Greenwich, Lewisham, Southwark, Lambeth
Health Education South West	5,000,000	South West House Blackbrook Park Avenue Taunton TA1 2PX Phone: 01823 361 000 Email: info@southwest.hee.nhs.uk Website: www.southwest.hee.nhs.uk Twitter: @HealthEd_SW	Gloucestershire, South Gloucestershire, Bristol, Bath & North East Somerset, Wiltshire, Swindon, North Somerset, Somerset, Devon, Plymouth, Torbay, Cornwall and the Isles of Scilly
Health Education Thames Valley	2,300,000	Thames Valley House 4630 Kingsgate Oxford Business Park South Oxford OX4 2SU Phone: 01865 785 500 Email: enquiries@thamesvalley.hee.nhs.uk Website: www.thamesvalley.hee.nhs.uk Twitter: @HEThamesvalley	Oxfordshire, Buckinghamshire, Berkshire and Milton Keynes.

LETB	Population	Contact	Areas covered
Health Education Wessex	2,800,000	Southern House Otterbourne Winchester Hampshire SO21 2RU Phone: 01962 718 400 Email: reception@wessex.hee.nhs.uk Website: www.wessex.hee.nhs.uk	Hampshire, Isle of Wight, Dorset and South Wiltshire.
Health Education West Midlands	5,600,000	St Chads Court 213 Hagley Road Edgbaston Birmingham B16 9RG Phone: 0121 695 2222 Email: hewm@wm.hee.nhs.uk Website: www.wm.hee.nhs.uk Twitter: @HealthEd_WMids	Birmingham, the Black Country (Dudley, Sandwell, Walsall and Wolverhampton), Coventry, Solihull, Worcestershire, Warwickshire, Shropshire, Herefordshire and Staffordshire
Health Education Yorkshire and the Humber	5,400,000	Blenheim House, Duncombe Street, Leeds LS1 4PL Phone: 0113 394 7989 Email: contactus@yh.hee.nhs.uk Website: www.yh.hee.nhs.uk Twitter: @YHLETB	South Yorkshire, West Yorkshire and North Yorkshire and Humber North Lincolnshire

An update from our LETBs

Health Education East Midlands

Kaye Burnett:
Independent Chair

Simone Jordan:
Managing Director

A message from the Chair and Managing Director

We're really proud to look back on our first year and reflect on how far we have come. Health Education East Midlands (HEEM) has a unique opportunity to bring together stakeholders from across the health and social care system to focus on the workforce we need for today and tomorrow. Ultimately, it's about creating a workforce of skilled, confident, compassionate people, committed to delivering high quality, safe and sustainable care.

Working with partners in Higher Education and providers of health and social care, our core business is about planning the workforce and managing the complexity of commissioning and delivering education and training for over 10,000 learners.

HEEM combined seven organisations and staff from different sites, creating a stronger, more energised and motivated organisation, enabling a range of improvements.

The region has a tradition of excellent partnership working and we couldn't do what we do without strong engagement at a local level. Our ethos is about facilitating fresh conversations within local communities to ensure we remain focussed on what matters most to patients. Our passion for quality, innovation and sharing best practice is laying the foundations for transformational change, both in the workforce and the delivery of care.

Together, we are making the East Midlands a great place to train, work and live.

Education and training of our learners to improve everyone's health and wellbeing

'Healthy Lives, Healthy People: strategy for public health in England' highlighted that people living in the poorest areas on average, die seven years earlier than people living in richer areas and spend 17 more years living with poor health. Enabling behaviour change could reduce premature death, illness and costs to society, avoiding a substantial proportion of cancers, vascular dementias and over 30% of circulatory diseases.

The HEEM constituency includes organisations from all sectors that have demonstrated ongoing commitment to improving population health by developing the healthcare workforce. We are focusing on the ability of the existing and future workforce to create and sustain effective therapeutic relationships that enhance the whole health and wellbeing of the individual and those who care about them. Our aim is to ensure that the whole workforce is equipped to have the right conversation at the right time.

In line with HEEM's Workforce Strategy, which commits to 'developing a workforce who can create therapeutic relationships to enhance health improvement', we have commissioned work to:

- Identify students' and medical trainees' perceptions on their responsibility in learning to create these relationships.
- Identify educators' perceptions on their responsibility in helping learners create these relationships.
- Identify, at Board level in organisations, the education provider's perception of their role in providing the environment where students and medical trainees can really practice their skills and a culture that enables these relationships to flourish.

The report on the findings of this work and recommendations to HEEM on achieving its aim will be presented to key stakeholders in April 2014.

Increasing student and trainee practice placements in a range of settings

Our workforce strategy committed to 'providing a workforce in the best location to deliver care', and specifically that 'student and trainee practice placements in community, primary care and residential settings will have increased by at least 30% by 2018'.

In April 2013, we funded the University of Derby to manage a project to enhance the capacity of clinical placements for student nurses across the Private, Voluntary, Independent (PVI) sector. Prior to this, only nine placements were utilised in nursing homes, private hospitals and a hospice. The use of clinical placements within this sector is recognised as an important aspect of pre-registration nurse education, as it offers different insights and experiences, it also supports workforce planning within the PVI sector, while enabling continued placements within established NHS healthcare providers.

In 2013/14, 71 adult nursing students were secured on placements within a variety of areas: nursing homes, GP surgeries, private hospitals, charities, a special school, hospice and out of hours services. Prospective planning for 2014/15 indicates 128 nursing students will have placements in these settings.

Student evaluations of these new practice areas are extremely positive and focus on the learning opportunities and levels of support. The exposure to these settings has also expanded the range of locations of employment upon registration. Next steps will focus on greater embedding of the PVI ethos into local working practices.

2014/15 will see further development and enhancement of placements for allied health professionals, including occupational therapy and radiography as well as opportunities for placements for social work/social and creative expressive therapy students.

For more information on the HEEM Workforce Strategy, visit http://em.hee.nhs.uk/wp-content/uploads/sites/476/2013/09/Workforce-Strategy-May-2013-FINAL-interactive-.pdf

Health Education East of England

Stuart Bloom:
Chair

Stephen Welfare:
Managing Director

A message from the Chair and Managing Director

Health Education East of England (HEEoE) has achieved so much in its first year, largely down to the skills and enthusiasm of the staff we have. Creating a provider led, nationally managed organisation such as HEE was a challenging task, but in the east of England we have providers that are engaged and involved in driving forward our projects in the local system. We will continue to develop these relationships so we can continue delivering change for the better into our second year.

Skills Strategy

Our Skills Strategy has become the main mechanism to achieve our future workforce vision. It has had the input of over 700 stakeholders from health and social care, including patients and carers and their work set our five organisational priorities:

- Quality of patient care
- Education and workforce development
- Strategy and planning
- Leadership and talent management
- Transformation

- We have set up four transformation programmes to meet the priority needs of patients, each led by providers through their Workforce Partnerships (WP) and supported by funds of up to £6 million. The initiatives below are designed to be forged and trialled by one area and adopted at pace and scale across the east of England:
- Delivering high quality effective care across children's and young people's services
- Development of an Emergency Care programme to review the education and training needs arising from a number of different pathways (care homes, acute care and support to frail and elderly at home).
- The Coaching Centre, produced in partnership with Norfolk & Suffolk Dementia Alliance (NSDA), have trained over 270 Dementia Care coaches who have in-turn delivered coaching to over 5,000 people in the region providing better care for people with dementia.
- Working with HEIs and providers on improving awareness, education and the embedding of the NHS Constitution values and behaviors. We produced a number of materials, including a series of animations and rolled out values based recruitment and quality assuring the clinical learning environment.

Our Directorate of Education and Quality has overseen a number of changes in the region, having enhanced Annual Reviews of Career Progression (ARCPs), emerging common educator standards between undergraduate and postgraduate Primary Care, development of a Learning Development Agreement with area teams for Primary Care, and the introduction of Multi Professional Quality Improvement Fellows including Commissioning Fellows, Education Fellows and Sustainability Fellows.

The Talent for Care

To find out more about the events visit www.eoe.hee.nhs.uk/our-work/1to4/consultation/regional-events/slides/

As the first of HEE's 'incubator' projects, within the context of the Francis and Cavendish reports and the NHS Constitution, we were asked to deliver on the mandated responsibilities for the bands 1-4 workforce:

1. Establish a plan and implementation programme supporting progression of healthcare assistants into nursing
2. Establish a robust baseline of the number of support workers entering professional training in 2013 and achieve significant improvement against that baseline in 2014
3. Establish minimum training standards for healthcare assistants to reflect increasing levels of seniority
4. Establish a robust baseline of healthcare assistant training standards in 2013 and achieve a significant improvement against that baseline in 2014/15
5. Increase the number of healthcare apprentices.

The Talent for Care consultation received more than 5,700 responses in addition to four regional events and local LETB engagement around the country. This allowed us to hear what people thought about our proposals to achieve these deliverables and support the training and development of all staff in roles banded 1-4. The findings from the consultation are being fed into the final strategy document, to be launched in 2014/15.

The project has been refined into three areas: participation, practice and progression.

Participation (Get in)

We want to expand and maintain a range of entry routes into NHS employment, for example, through pre-employment experience schemes, training and apprenticeships. What existing schemes are there now? Are they working?

Practice (Get on)

We envisage clear education and training pathways for careers across bands 1-4, leading to formal qualifications and career progression to those that want it.

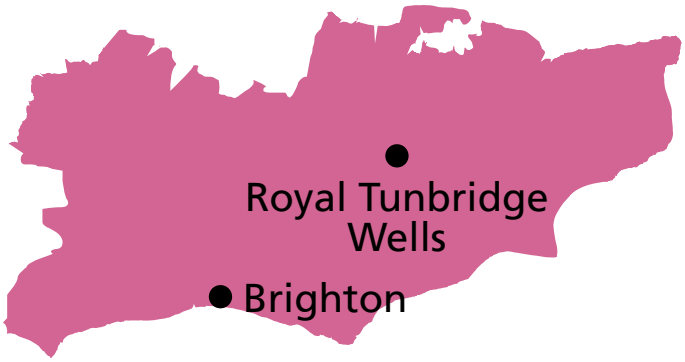
Progression (Go further)

We would like to monitor and increase the number of staff progressing through bands 1-4 and, for those with aspirations, the number of people taking up career opportunities at band 5 and above, within or outside the NHS.

Health Education Kent, Surrey and Sussex

Mark Devlin:
Chair

Philippa Spicer:
Managing Director



A message from the Chair and Managing Director

This has been a year of significant transition and achievement.

We have formed a new organisation, overseen by an engaged and active governing body. We have laid the foundations for the development of an integrated and multi-professional workforce of the future.

Our work is led by the Mandate and, in partnership with local health and care commissioners, providers, clinical leaders, academic partners, students, patients and the public, we will focus on national and local priorities to deliver the greatest improvements in health and wellbeing for local people. Our priorities all have firm plans in place putting them into action.

From student doctors and nurses shadowing the families of people with dementia, to development programmes for non-executive directors on safety and compassion and a common education pathway for practice nurses, to integrated health and social care apprenticeships - the work we are doing is leading system change.

Our work will make a real and lasting difference to the careers of staff across the region and, more importantly, to the lives of the people they serve.

We would like to thank all our partners, staff, students, patients and the public for their creative participation in our successful first year.

Time enough for dementia

This unique initiative brings together over 300 students and 150 families with dementia to understand what it is to be old and ill in society.

Dementia is a significant health concern and the economic cost is greater than cancer, heart disease and stoke combined. Currently 800,000 people with dementia live in the UK, and the numbers are set to double in the next 20 years, yet healthcare staff of all disciplines find it difficult to provide effective care.

Health Education Kent, Surrey and Sussex (HEKSS) has developed a world-leading initiative with the Alzheimer's Society to help medical, nursing and paramedic students understand life with a long-term condition and the vital role of family carers.

The September 2014 intake at Brighton and Sussex Medical School and the University of Surrey School of Nursing will, as part of their curriculum, visit a family with dementia at least four times each year for the duration of their course. Visits will take place in pairs and learning will be consolidated through individual reflection and multi-disciplinary group work.

The programme aims to bring about a profound change in professional attitudes to dementia and other long-term conditions, transforming care for patients and their families, enabling understanding and compassion. It will be evaluated so it can be implemented more widely if successful, with a plan for it to be part of all undergraduate healthcare programmes in the region within three years.

Community Education Provider Networks (CEPN)

CEPNs offer coordinated education for multi-professionals in primary care and the community to improve patient outcomes and experience.

As the population ages and health needs change, primary and community services need to be at the forefront, yet training and development have traditionally been in isolation and fragmented.

The CEPN model brings together general practice, community and social care providers with education providers to deliver a structured, integrated approach to training and development.

Tutors in each Clinical Commissioning Group (CCG) will work with their member practices to coordinate training for all practice staff, including GPs, nurses and health care assistants. They will coordinate an additional 240 general practice placements for student nurses and increased commissions for paramedics and GP trainees.

Tutors at county level for pharmacy, optometry and dentistry will work alongside the CCG tutors to develop and coordinate multi-disciplinary education and training. A new Primary Care Academic Research Unit at Kent University will provide further innovation and evidence-based education across the region and beyond, supporting CCGs in the development of the workforce to accelerate the transformation of primary care.

In addition to securing the future workforce, these initiatives are raising standards and enabling better, more integrated care in the community, improving services and outcomes for patients.

Health Education North, Central and East London

Christine Beasley:
Chair

Chris Fowler:
Managing Director

A message from the Chair and Managing Director

In a busy first year our focus at Health Education North, Central and East London (HE NCEL) has been on close partnership working with local providers to deliver benefits for patients, people, trainees and students – and to support the system as a whole. Our small local team has aimed for an innovative and responsive approach to all we do.

We have aligned our workforce and education plans with the emergent service delivery plans of commissioners and providers in this area. Working together with them, we have a clear and transparent Education Commissioning Plan setting out our investments and the rationale behind them. We are confident that our contribution to the National Workforce Plan is based upon best available intelligence locally.

This year we have purchased the training for 4,500 doctors and 3,500 healthcare professionals. We have also funded some specific education and training to support partner Trusts under pressure in a challenging environment. We have taken significant steps to develop more training in community and primary care settings. We have an active programme to develop patients as leaders and influencers locally and London-wide.

Working with HEE colleagues in London and nationally, we have delivered a number of key projects in our Mandate. We are the largest of six pilot sites in the country supporting aspiring nurses as health care assistants before they start university. We funded 12,000 front line staff across the area to undergo training in dementia awareness and developed a faculty to cascade that training. We led successful recruitment of student health visitors over and above the target set for London.

We are looking forward to continuing our work delivering the mission of HEE with local and national stakeholders in the year ahead.

Dementia Awareness

'A still from the film Barbara's story, developed by Guy's and St Thomas' NHS Foundation Trust.'

Over 12,000 people have been trained in Dementia Awareness in North Central and East London.

We wanted a Dementia Awareness programme that would both contribute to the Mandate target of 100,000 staff trained by April 2014 and contribute to future sustainability by nurturing faculty to deliver training in their own workplace.

Designed by North East London Foundation Trust and the Academic Health Science Network (UCLPartners), the training centres on Barbara's story, a short video developed by Guy's and St Thomas' NHS Foundation Trust. It is a powerful and moving prompt to dementia awareness with wider messages relating to compassionate care.

Delivered by employees in Trusts and in Primary Care, the programme is a good example of partnership working to benefit patients, people and staff across our geography.

Deborah Sanders, Director of Nursing at the Royal Free London NHS Foundation Trust, who is providing training said "I really love doing the training and always get people stopping me saying how much they value it."

We are evaluating this intervention and will be in a good position to deliver our contribution to the Mandate target for 2014/15.

Mental health training for Practice and Community Nurses

Following a national survey and conversations with our local partners, we felt it was important to support practice and community nurses to improve their confidence and skills in addressing their patients' mental health needs within the community.

We have been working with four mental health trusts and our Academic Health Science Network (UCLPartners) to deliver training across North Central and East London with mental health nurses trained as nurse educators to up skill practice and community nurses and create a learning and support network.

A full evaluation will be available in June 2014. Feedback so far, however, from those who have received the training has been positive and patients within the community are already benefitting from their additional knowledge.

Health Education North East

Professor Oliver James:
Chair

Elaine Readhead:
Managing Director

A message from the Chair and Managing Director

Health Education North East's (HENE) vision is 'Excellence in education and training for safe and effective healthcare' and the five year workforce strategy includes five areas: security of supply, quality outcomes in education and training, safe transition of finances, innovative and strategic approaches to education and training and enabling an equal and diverse workforce.

We are delighted to report that HENE has attained LETB Maturity Level Two and we wish to thank HENE staff and our partner organisations in helping us to achieve this and other significant outcomes in this first year of operation.

In particular we are proud of innovations that have had a positive effect on local NHS-funded care providers, for example leading the workforce planning process and piloting the year of care project with 20 participants across four employing organisations with an expected growth in numbers next year. In relation to apprenticeships, we have grown numbers from 243 in 2012/13 to 696 in 2013/14. Furthermore we have been able to make significant new investments in areas such as dementia, end of life training, simulation equipment and a specific focussed project on the modernisation of the dentistry workforce.

We are pleased to be able to demonstrate close working relationships with stakeholders and expect to enhance this further in the year ahead.

Year of Care

HENE is one of six LETBs taking part in the Year of Care pilot, resulting in 20 places being provided at City Hospitals Sunderland NHS Foundation Trust, Gateshead Health NHS Foundation Trust, South Tees NHS Foundation Trust and South Tyneside NHS Foundation Trust.

Heather Anderson is one of the trainees taking part in this pilot and is based at Gateshead Health NHS Foundation Trust. Heather comments,

"The timing of this pilot couldn't have been better for me really. I have always been interested in a nursing career but with no healthcare experience it was really difficult to find a way into the profession. This pilot has given me that opportunity. I'm looking forward to gaining experience in different areas of adult nursing and caring for a variety of patients. During this pilot I have learnt from other healthcare professionals that, with the support of the trust, it is possible to move around and develop throughout your career."

Following a successful first stage we are continuing to pilot this initiative in spring 2014 with a further 22 individuals taking part. We are very pleased that Northumbria Healthcare NHS Foundation Trust has committed to the second cohort, and we also have participants within mental health from Northumberland Tyne & Wear NHS Foundation Trust. The learning from this group will give an added dimension to the evaluation of the national pilot.

Patient and public involvement

The Lay Representative Project was implemented to develop a strong, well trained, skilled pool of lay representatives within HENE to increase our engagement with the public, and enhance the governance of our work.

Following a transparent recruitment and selection process, a programme of development was established. This included an initial learning and development event, specific Annual Review of Competence Progression (ARCP) training and shadowing programme for both newly appointed and current Lay Representatives. A database was created to record all events attended, on-going requirements, contact details and completed training.

Lay representatives continue to take on new roles, as new ways for them to contribute to our work becomes available. Their presence encourages transparency, robust decision making, inclusiveness and accountability. It forms an essential bridge between the public and patients and HENE. Feedback from lay representatives regarding their development and responsibilities has been excellent.

"The lay rep training day highlighted the value the current lay reps feel for their work and a sense of the re-birth of the lay reps programme." HENE Lay Representative

HENE is committed to providing excellence in leadership and training and as part of its commitment to this vision, provides a service that is driven by quality.

Health Education North West

Sally Cheshire:
Chair

Laura Roberts:
Managing Director

A message from the Chair and Managing Director

It's hard to believe that it has been a year since Health Education North West (HENW) took on its full responsibilities. We have a truly dedicated and committed team here in the North West whose enthusiasm and hard work has meant we have had a very successful first year upon which we intend to build as we move into 2014/15.

2013/14 has seen us build a new senior management team, begin work to integrate our two deanery functions and build very strong and effective mechanisms for engagement with the wider system in the North West.

Our LETB Board and three LWEGs have proved invaluable in identifying local need and putting into place actions to address the real issues that are facing our providers. This has resulted us establishing a new Workforce Transformation Team to determine sustainable and affordable solutions to the complexity of issues facing the whole workforce, across the breadth of health and social care provision.

2014/15 will be the time for us to really focus on supporting our commissioners and providers to address the challenges that will make a difference to the patient experience and we look forward to working with colleagues across the system to make more positive change.

Widening participation incubator project

A healthcare workforce which is representative of the community it seeks to serve is an on-going priority of the NHS. Health Education England has, as part of our Mandate, a responsibility for system leadership in promoting equality and diversity and enabling widening participation.

HENW has been appointed as national lead for the incubator project to support Widening Participation in the NHS.

The initial aims of the programme are to: improve levels of applications to NHS funded courses from currently under-represented groups; ensure that metrics are developed that measure the performance of incentives used to promote social mobility into medical training courses; and a national framework as to how it will work.

A partnership link with the national Selecting for Excellence Project has been initiated to explore the issue of selection to medicine with particular focus on widening participation. HENW has supported research and projects with Medical Schools to consider the effectiveness and test current selection methods. The outputs from this research will help facilitate greater consistency in selection between medical schools.

Investment has been provided to support collaborative arrangements between the Medical Schools Council, Social Mobility Foundation and the Sutton Trust to plan and extend outreach initiatives which are designed to attract able students from underrepresented backgrounds to apply for medical school.

A literature review has also been commissioned with Edge Hill University to investigate the impact of widening participation developments for attracting and supporting students undertaking healthcare education programmes in relation to the non-medical workforce.

Future plans

A baseline will be established to understand the number of applications to NHS funded programmes from the key equality groups. A call for best practice will be issued to invite healthcare organisations to share best practice approaches they have used to support widening participation and enable the creation of a best practice directory.

Intelligence on current NHS approaches to work experience will be generated via surveys which will also explore potential for further development. Partnership working with organisations interested in raising awareness, aspiration and interest of young people in applying for healthcare careers, particularly those from disadvantaged backgrounds, will be explored.

Support for a 'Commitment' proposing a set of actions organisations may adopt to widen participation will be tested. Models and recommended approaches for how the NHS can offer an increased, targeted and more co-ordinated approach for supporting widening participation and attracting a more diverse and representative workforce will also be set out.

Further information is available online http://nw.hee.nhs.uk/our-work/widening-participation-incubator-project/ or via the Project Lead Dr Mike Farrell at Mike.Farrell@nw.hee.nhs.uk

Health Education North West London

Marcia Saunders: Chair

Dr Charles Bruce:
Managing Director

A message from the Chair and Managing Director

In a short and eventful journey since our authorisation, we have established an ambitious and comprehensive service transformation programme in North West London, aimed at creating a safer, higher quality service for patients and a sustainable health economy. Our role as commissioners of education and training is to ensure that the future workforce has the capacity and capability to create a better and safer service for patients. The service transformation has three enabling arms: a major acute services reconfiguration, Shaping a Healthier Future (SaHF); a Pioneer Whole Systems Integrated Care Programme; and a Seven Day Week National Pilot. Together the programmes call for a shift in organisational and individual working relationships which adds up to a call for a comprehensive and radical cultural change in the approach to the training and education of the workforce.

Central to our success in achieving the credibility to negotiate such a strategic approach to workforce development across North West London has been engaging employers so that they work collaboratively to take greater responsibility and accountability for planning, educating and training a workforce fit for the present and future.

Community Education Provider Networks

The Community Education Provider Network (CEPN) programme has pioneered a novel approach collaboratively delivering learning by successfully forming education networks at the interface between primary and secondary care. One of the key successes has been deriving the learning agenda for the educational interventions from the local population need.

This has enabled the networks to collaborate in providing a framework for delivering learning alongside service provision, resulting in a truly integrated approach to learning and providing care. Health and social care providers from primary, secondary and tertiary care services are working together to develop and deliver these educational interventions. Structures are in place to provide learning in a truly multi-professional fashion, with patients empowered as learners, alongside health care workers from many disciplines at many levels.

The CEPNs include:

- End of Life Care
- Multi-professional Education in Care Homes
- Connecting Care for Children
- Training for Dementia Care
- The Prevention and Management of Pressure Ulcers

Through the CEPNs we are:

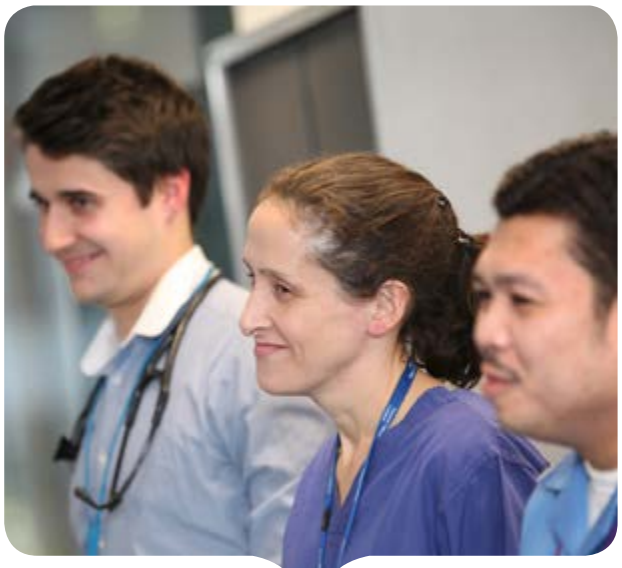
- Driving the development of structures which will facilitate integrated care across the workforce in the long term.
- Acting as a catalyst for best practice by creating learning communities across healthcare, social care and community groups.
- Engaging patients and the public in the training and education of the healthcare workforce.

The strength of the networks being formed is already apparent, and evaluation activity has been ongoing from the outset to optimise learning successes from challenges encountered.

Shaping a healthier future

We are an equal partner in the senior team that has been established to manage Shaping a Healthier Future (SaHF), the out-of-hospital service transformation programme for North West London. We have identified a number of common objectives with the SaHF programme and are leading stakeholder engagement to support service providers in identifying the workforce and training implications of the reconfiguration of secondary care services, and the provision of more health and social care activity in community settings. This engagement will enable us to commission the right education and workforce supply for North West London.

Key areas of joint activity relating to the SaHF programme are:



- Supporting the workforce requirements of North West London's position as an early adopter of the Seven Day Services Improvement Programme whereby services will be provided seven days per week in key care settings.
- Supporting the workforce aspects of the whole systems integrated care programme, including the piloting of new Care Coordinator roles to support management of patients at home and in the community.
- Supporting Primary Care Transformation, including a joint bid to the Prime Minister's Challenge Fund to further support and progress system re-design.
- Development of Community Learning Networks and innovation in education in Primary and Community Care.

Health Education South London

Richard Sumray: Chair

Julie Screaton: Managing Director

A message from the Chair and Managing Director

We came into our roles to make a difference. The opportunity, through the creation of Health Education England and its Local Education and Training Boards to bring all education and training together for the first time, and to better assess and plan for the workforce of the future, was too good an opportunity to miss. We wanted to be at the forefront of the development of the NHS rather than simply responding to change made by others. Our aim is to provide a workforce fit for the NHS of the future – caring, empathetic, professional and well trained staff at all levels.

Our Board has the highest level of representation from all the relevant stakeholders and is one of the few places where literally all the major players in our area in health can come together. They own our agenda. We created a Membership Council jointly with the Health Innovation Network (the South London Academic Health Science Network) whose members are engaged and make a significant contribution to our work.

We have contributed to the fulfilment of the national agenda set by the Government's Mandate to Health Education England. Through our strategies and workforce planning we have also developed a set of local aspirations which we believe are right for South London. We are gradually taking a more population health approach and are seeking to ensure our workforce better reflects the population of South London.

Our achievements this year include:

- For the first time we gave CPPD funding directly for the development of staff working in Primary Care
- We have worked with providers from the wider healthcare landscape, including hospices in South London who have received innovation funding to develop modules of care in end of life training
- In conjunction with the South London Health Innovation Network we held our inaugural Recognition and Innovation Awards which were set up to recognise innovation and excellence in south London
- A total of 10 Recognition Awards were given to individuals to recognise their work, including Gillian Harman who won the award for Outstanding Contribution to the local community for her outstanding work and leadership to improve the care, experience and quality of service for patients with Leg Ulcers in Bromley
- A further 13 innovation awards were given to South London organisations providing NHS funded care including
  - a project at the University of Greenwich to further develop 'Maritime City' an established innovative tool that draws on 'serious' gaming technology to provide an interactive approach to training for dementia and;
  - CoolTan Arts, a charity in Lambeth, to develop mental health wellbeing advisors
- We have worked with collaborations of CCGs in south east and south west London on future healthcare needs and their workforce implications.
- We have set up an employer-led Workforce Planning Advisory Group that has been actively involved in strategic planning and have engaged with over 250 stakeholders who influenced our workforce planning for 2013/14

Community Education Provider Networks

Health Education South London developed the first prototype Community Education Provider Networks (CEPNs) which have been proposed as the key delivery arm of its strategy. They will contribute to a deep, and permanent, impact on the distribution of resources around the South London health economy. The CEPN concept has subsequently been taken up by HE North Central and East London, HE North West London and HE Kent, Surrey and Sussex.

CEPNs are a networked arrangement of education and service providers in a defined geography. They work together to develop the workforce around the health needs of the local population. They will understand their current workforce, including training and development needs, and design the future workforce in collaboration with commissioners, ensuring that training is received in the environment in which care is delivered.

CEPNs are designed to improve the quality of education for health professionals and to empower community organisations to work with higher educational institutions to look at workforce training needs, expand capacity for training in the community, innovate in the field of training and deliver multi-professional training. Nine borough based federations have been developed to support workforce development, education and training to meet the needs of local populations.

We have already had early successes, including undertaking educational needs assessments using surveys and discussions with local health professionals; running engagement events attended by many different professions to look at local priorities; and engaging with GP practices. We have also set up training courses for specific groups, including healthcare assistants and practice nurses. We are encouraging a small number of nurses working in secondary care to transfer to primary care, and we are continuing to make links with other organisations to fund or deliver training.

HESL is also investing in developing the community pharmacy workforce, with 549 community health champions developed in 322 community pharmacies. This illustrates our commitment to developing wellbeing approaches in our workforce.

Widening participation

Over the last decade access to careers in healthcare science has become increasingly limited to graduates. There are shortages of science, technology, engineering and mathematics (STEM) qualified technicians and workforce redesign is urgently needed. Skills are not well matched to work.

The King's College Hospital's Assistant Clinical Technologist Apprentice Scheme (ACTAS), run in partnership with Step Ahead, has been helping young people in South London get jobs in healthcare where they may previously have been excluded because they were not qualified to degree level. The scheme won the 'Widening Participation Initiative of the Year' award from Health Education South London.

Jo Young, Contracts, Quality & Training Manager in the Department of Medical Engineering & Physics at King's, explains: 'We want to develop apprentices' skills in a practical, rather than an academic environment. We want to offer people from our local community the opportunity to work with us, and we knew that we would get some great new members of staff too!"

Apprentices are trained to assist with the management, maintenance and use of medical equipment in many different clinical environments, including Medical Engineering & Physics, Renal Technology, Theatres and the Emergency Department. The skills they learn on this scheme are the first step into a variety of careers.

Health Education South West

Jane Barrie OBE DL: Chair

Professor Sarah Watson-Fisher: Managing Director

A message from the Chair and Managing Director

Our first year has focused on establishing our role in the new NHS landscape, and building positive relationships with our stakeholders to support local workforce transformation in the South West, while playing our part in delivering national workforce priorities.

Some of our successes include:

- Increasing the numbers of apprenticeships by 30%, which also supports the development of employment opportunities for young people in the South West.
- Commissioning more GP trainees and registered nurses in response to both local and national workforce pressures.
- Working with Clinical Commissioning Groups and NHS England colleagues to develop our primary care workforce strategy and support initiatives to develop our practice nurses.
- Developing values-based recruitment with our employers and education providers so that we recruit people into the NHS and professional training with the right values to deliver care.
- Hosting a series of events to bring stakeholders together to inform our activities, such as annual workforce planning, apprenticeship development, as well as sharing innovative practice like using simulation to improve consultation skills in psychiatry.

We are also proud to have been asked to be the lead LETB for dementia education and to have worked with our fellow LETBs to achieve one of the key Mandate requirements for this year of 100,000 NHS staff receiving dementia awareness training. We are looking forward to building on this in 2014/15.

Dementia incubator project

Over the last year we have played a pivotal role in raising awareness about the needs of patients with dementia and ensuring they are treated with compassion and dignity.

The South West has higher levels of dementia than other parts of the country and can draw on specialist expertise through the highly regarded work and resources of the South West Dementia Partnership.

Given the lead LETB status, a project team led by Managing Director, Professor Sarah Watson-Fisher has worked with colleagues to scope the training undertaken and planned by LETBs across England. Results show that 108,888 members of staff have completed foundation level dementia training and we are on target to meet our Mandate requirement.

We have delivered our 2013/14 Mandate requirement of training 100,000 staff in dementia awareness. Our refreshed Mandate brings new challenges to ensure that an additional 250,000 NHS staff have been trained by March 2015, and also that dementia awareness is embedded into undergraduate curricula. This will be achieved by forging additional links with colleagues and stakeholders to share innovation and best practice across the NHS.

Health Education South West (HESW) is working with LETBs, higher education providers, charities and employers to develop plans for a national rollout of training across all NHS staff to ensure they have the knowledge and confidence to improve the quality of care for people with dementia.

Boosting apprenticeships

We have excellent engagement with employers in the South West who place a high priority on the importance of apprenticeships to help deliver high quality care. Our region has the fourth highest number of healthcare apprenticeships in England.

We were asked to showcase our Higher Apprenticeship for Assistant Practitioners to Vince Cable, the Secretary of State for Business, Innovation & Skills, in London last year. This new framework was developed with Employers, Skills for Health and the National Apprenticeship Service and offers a Level 5 qualification through an academic and vocational route. It has been adopted in the West Midlands and we hope that it can help create access points into more senior roles.

One of our annual highlights is the South West Healthcare Apprenticeship Awards celebrating the success and hard work of apprentices and their employers. This year there were approximately 150 nominations for seven awards and the quality of the applications was very high.

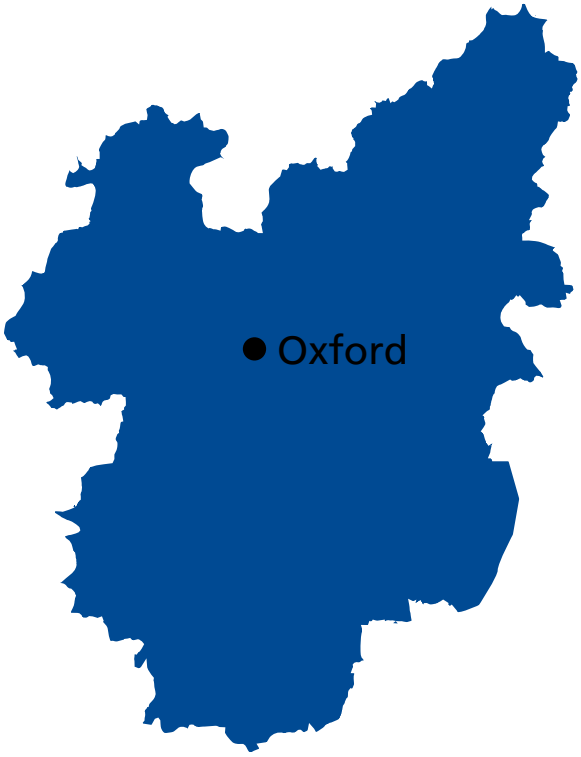
One of the winners, Christina Branfield from Taunton and Somerset NHS Foundation Trust, said, "I am really pleased with my award and would urge anyone considering an apprenticeship to get the experience and qualifications."

We are keen to recruit more young adults to bring new skills to our workforce and change the way we deliver future healthcare.

Health Education Thames Valley

Janice Shiner:
Independent Chair

Sandra Hatton:
Managing Director



A message from the Chair and Managing Director

Just one year on since establishment, we have successfully raised the profile and importance of education and training with our local partners, establishing a shared understanding and interest in the role that excellent education plays in improving patient care.

The Health Education Thames Valley (HETV) Board has wide representation around the table, with strong engagement. It provides a powerful platform to secure buy-in and drive implementation. Fundamentally, we have a means by which local providers and stakeholders are able to influence and make decisions on how funding for health education is used in response to local needs.

We strive for the broadest engagement, using stakeholder forum such as our Partnership Council to empower partners, acting on their feedback, influencing priorities, decisions and investment choices. Key relationships have been forged on shared areas of work, not least with the Oxford AHSN and our education institutions.

HETV has demonstrated its ability to act responsively to local workforce needs, establishing a number of priority worksteams, from tackling the shortages experienced in A&E to our work on developing Support Workers or responding to the dementia challenge. We have made use of our workforce development funding to support innovative schemes across the region.

The challenges which the NHS and our wider partners delivering health and social care face over coming years are still huge, but our commitment to delivering an excellent workforce will help us respond.

The 2023 Challenge - a decade to improve healthcare:

Empowering learners to innovate

In 2012, the Trainee Advisory Committee put forward an idea which has since become a unique innovation challenge - the 2023 Challenge.

Dr. Alexander Finlayson and Dr. Edward Maile recognised that the Thames Valley attracts some of the most talented trainees, bringing fresh perspectives and new approaches to the delivery of great care. They proposed a competition encouraging trainees to pitch ideas for improvements to patient care and education and training, which would then be funded through to delivery.

HETV provided funding, while the Thames Valley & Wessex Leadership Academy delivered the competition, along with further funding support. Critical partners included the NHS Innovations (South East) and Oxford Academic Health Science Network.

57 applications were shortlisted to six finalists who went on to a grand final event, pitching to a 'Dragons' Den' judging panel, which assessed the ideas on their impact, viability and innovation.

Dr Angus Goodson and Dr Rhiannon Furr of Milton Keynes Hospital NHS Foundation Trust, came top with their innovation for drug delivery to child patients. Runners up also received funding and support and all ideas are now being developed further.

2023

The Challenge will return this year.

Health Visiting - HETV response to the 'Call to Action'

In response to the Government's 'Call to Action' to increase the number of health visitors, HETV has delivered a programme both to ensure future supply and to develop the existing workforce, with award-winning training materials.

Through ambitious commissioning, working closely with education and NHS providers, HETV over-recruited in the first two years and for 2014 is currently just seven under target. The region is currently reporting a projected oversupply of around 30 qualified Health Visitors by April 2015.

HETV has been working to ensure that the levels of growth are maintained and that there are sufficient placements to support the increase, with safe practice teacher-to-student ratio.

In October, HETV was awarded the CPHVA McQueen Award for Improvement in Practice after introducing unique training materials to support the implementation of the Health Child Programme.

HETV has heard first-hand from practitioners on the ground how increased numbers of staff, high quality training and supervision is having a real effect on delivering care across the region.

Health Education Wessex

A message from the Chair and Managing Director

I am delighted that the energy generated during the set up of Health Education Wessex has enabled us to build a creative and collaborative education and training community committed to safe, quality care for patients and service users. I sincerely believe that the LETB is the only forum in the health system where providers, commissioners, and partners come openly with their ideas and issues. A testament to this has been the knotty challenges, particularly on finance, that the Board has got to grips with during the year and the work undertaken by the Partnership Council, Local Workforce Development Groups and Expert Education Advisory Group. Our credibility comes from working with partners to understand the issues in our region, and we remain committed to this approach for the year to come.

Jacqueline Swift DL:
Chair

Paul Holmes:
Managing Director

Health Education Wessex has made considerable progress delivering the Mandate and addressing local priorities. NHS trust leaders have directed task and finish groups in adult nursing and in values based recruitment. Our work in dementia has been strong, with a local education and training strategy to address variations in diagnosis rates and improve care in both acute and community settings. We have built workforce planning expertise in NHS Trusts and commended many individuals and teams who have achieved academic success or delivered innovation and transformation projects. Quality and excellence of education and training and supporting organisations to build cultures of learning will be a focus for the coming year.

Emergency medicine in triage

Increasing pressure on emergency departments in the NHS are partly due to the need to attend to "anything and everything" while a reputation for workload intensity means the NHS is now short of 300 higher specialist emergency medicine training posts – the equivalent of 12 emergency departments.

In 2012 Wessex brought together an expert taskforce of medics, nurses and paramedics. The following initiatives have been the focus in 2013-14:

- 10 'protocolised' patient pathways have been agreed and are now being rolled out across the region.
- A new training programme to develop 17-20 nurses at band 5/6 and two paramedics to deliver five of the pathways is currently running following a review of the role of the physician's assistant.
- A second cohort of 12 staff and specialist associates (SAS) doctors is attending a competent doctor night rota programme which includes leadership development and additional patient safety training following excellent feedback from the pilot.

The impact of these and other initiatives, such as GP triage and emergency care practitioner roles, mean that around 43% of ambulance calls for South Central do not result in a patient being taken to hospital. The fill rate in Wessex for higher specialist training is 76% compared to a national average of 65%. In 2013 the General Medical Council survey had no red outliers for workload and work intensity for emergency medicine trainees in Wessex. Figures indicate that since April 2013 most trusts are able to meet the four hour access target.

Delivering integrated care starts with building capacity

Health Education Wessex (HEW) is supporting the rapidly accelerating changes taking place in health and social care, which are resulting in the transformation of integrated out of hospital care pathways.

HEW is increasing GP numbers by 16 over the next three years. In preparation we have funded the development of training rooms in premises resulting in 22 places to support the training of GPs, practice nurses and foundation trainees. We have launched a project in Portsmouth and South East Hampshire with Solent NHS Trust and South Eastern Hampshire Clinical Commissioning group to expand non-medical placement opportunities in the community and develop a range of education programmes for both registered and non-registered staff.

We are working with colleagues in all settings. This year pharmacy staff are among the growing body of frontline workers receiving dementia awareness training.

HEW has formed strong early partnerships with Better Care Transformation Fund initiatives in Dorset and in Hampshire. Both programmes aim to provide integrated health and social care services using a single joint fund. We look forward to reporting progress in this area during the coming year.

Health Education West Midlands

Jenni Ord:
Chair

Professor Janice Stevens CBE:
Managing Director

A message from the Chair and Managing Director

We are proud of our many achievements so far, including:

- Our collaborative approach to workforce planning, engaging providers and commissioners
- An award-winning standard computerised revalidation instrument for prescribing and therapeutics and GP decision-making e-learning packages, which is now being adopted by other LETBs
- Delivering almost 1,500 apprenticeships
- Delivering medical and non-medical workforce solutions to address supply shortages in emergency medicine, such as developing an advanced clinical practitioner course
- 11,500 staff trained in dementia awareness.
- Achieving our target to train health visitors
- Delivering national and local leadership programmes.

We host the National School of Healthcare Science, who are developing innovative educational materials for Genomics, transforming delivery of healthcare science education, and creating exciting career opportunities.

We are working with Chinese regional health boards to design and implement general practitioner training to support their substantial healthcare improvement project, through our collaboration with University of Birmingham and Peking University.

Pre-Nursing Pilot - A Year to Care

As part of HEE's pre-nursing experience pilot, we have supported the 'Year to Care' programme being delivered by University Hospital Birmingham and Birmingham City University.

Year to Care offers potential student nurses the opportunity to be employed as health care assistants, working alongside registered nurses providing care for patients. This allows students to determine if a nursing career choice is right for them, and the trust is able to ensure that students have the values and attributes required to be a caring and compassionate nurse.

This approach sees partnership working between the hospital, the university and the student resulting in a tailored understanding of the needs of both the provider and the student. Each student is supported by a structured programme, a dedicated mentor, full access to the Universities' facilities and interview and application support.

The first cohort of 20 commenced in September 2013, with a further 11 recruited to a second group beginning in April 2014. Early evaluation has shown that one of the most valuable experiences was the initial interview of candidates who were recruited for their values through a series of innovative scenario-based activities at interview

Innovative 'skills bus' supports our rural communities

The 'Skills Bus', an innovative three-year programme led by Arden, Herefordshire and Worcestershire LETC, is enhancing community and primary care staff skills. Commissioned through Worcester University, it delivers training to staff in rural communities and utilises a simulation suite within the bus.

Key benefits include:

- Making it easier for NHS staff to develop their skills whilst minimising time away from the clinical environment, travel and time costs
- Enhancing skills to deliver high quality care to patients with long-term conditions
- Patients and staff gain real-time feedback on their experience using tablet devices
- Supporting commissioning decisions to shift care from acute to community settings.

The programme is being evaluated and rolled out to other areas in 2014/15.

Health Education Yorkshire and the Humber

Kathryn Riddle:
Chair

Adam C Wardle:
Managing Director

A message from the Chair and Managing Director

We have made significant progress following our formal establishment and authorisation in April 2013. We effectively managed the smooth transition for staff from NHS Yorkshire and the Humber and maintained business continuity. Our creation has led to senior leadership engagement across the healthcare and education community in the workforce agenda, with the commitment to deliver change and create a system-wide shared agenda for workforce development and training. We are committed to promoting the NHS Constitution in all education, commissioning and workforce development activities and ensuring that the appropriate values and behaviours are embedded in all training and development activity.

We have also made good progress in the areas of workforce transformation; improving patient safety; value for money; stakeholder engagement and workforce planning. Specific examples include:

- The development of Advanced Practitioners in emergency care; critical care; medical assessment and primary care
- Development of a Patient Safety app created through leadership and management trainees within Health Education Yorkshire and the Humber (HEYH)
- Expansion of the Advanced Training Practice Model which places undergraduate nursing students in General Practice settings
- Improved engagement with primary care through Clinical Commissioning Group and Area Team networks and the development and implementation of a system to collect workforce planning data directly from GP practices.
- Wide-scale investment in clinical skills and simulation facilities
- The creation of an active Quality Management team across HEYH with a comprehensive visiting structure and follow up of recommendations
- The creation of a Finance, Governance and Risk Committee to scrutinise expenditure and ensure an ongoing commitment to deliver value for money
- The creation of Partnership Councils and Stakeholder Forums to secure effective stakeholder engagement
- The development of Patients First, which is the Skills and Development Strategy for HEYH.

Advanced practice

HEYH is making significant investment in the recruitment and training of two hundred Advanced Practitioners (recruited over the next three years) who will be deployed throughout the healthcare sector to maximise staff potential and help to reduce the reliance on junior doctors and GPs.

To support the long sustainability of the initiative, we are also developing a multidisciplinary Advanced Practitioners Framework which will provide system-wide recognition of the Advanced Practitioner roles, aid transferability between organisations and support the diffusion of best practice for advanced practice roles throughout services.

Key features of the framework include Advanced Practice definition, job descriptions, bandings, training pathways and evaluation.

Specific examples of Advanced Practice initiatives include:

- Emergency care practitioner roles developed in Barnsley Hospital NHS Foundation Trust and Leeds Teaching Hospitals NHS Trust.
- Airedale NHS Foundation Trust is in the process of creating acute care / clinical assessment teams which have a broader skill mix of practitioners.
- Sheffield Teaching Hospitals NHS Foundation Trust will develop a total of 42 advanced practitioners in critical care and other specialties over the next few years.
- York Teaching Hospital NHS Foundation Trust has developed Medical Assessment Unit roles with further roles to be developed across the hospital and in community settings.

Developing consultant leaders of the future

We're passionate about leadership. Good leadership is essential to improve safety, patient experience and outcomes. Leaders need opportunities to learn and develop. In partnership with providers, we have created 40 fellowship opportunities across Yorkshire and the Humber.

Michael Robinson, Clinical Leadership Fellow (February 2013 to January 2014), shares his experiences

"I am an ST6 Anaesthetic trainee and I have recently completed a HEYH 'Future Leaders Programme' fellowship. Supervised by inspiring leaders at Doncaster and Bassetlaw Hospitals Foundation Trust, I have worked with clinical staff and executive directors to re-design the acute medical pathway for seven-day and out-of-hours services.

I have learned to promote change and innovation while influencing future strategic direction. I have undertaken a work-based leadership qualification which allowed me to critically reflect upon my own experiences. I have developed skills in motivating others and managing change and presented the work at local, regional and national conferences. We won NHS England's 'Best demonstration of partnership working in delivering NHS Services 7-days a week' award.

It has been both challenging and rewarding and I feel privileged to have had the opportunity. I believe that training clinical leaders is vital to delivering high quality, patient-centred care and I now feel equipped to improve the patient experience wherever I work in the future."

Professor Ian Cumming,
OBE, Chief Executive

Directors' Report

Looking ahead

During 2013/2014 we continued to work with our stakeholders to shape our vision and move towards the development of a strategic education framework which will set out our goals for the next fifteen years.

Our Business Plan for 2014/15 has been developed to help deliver this strategy and sets out a number of important priorities, to be delivered at local and national level. These priorities also support the delivery of our Statutory Directions that describe our core functions and duties, plus the requirements of the Government's refreshed Mandate, published in Spring this year.

To read the Business Plan in full,
visit www.hee.nhs.uk/wp-content/uploads/sites/321/2014/03/9-Business-Plan-2014-15.pdf

Here is a selection of HEE's priorities for the coming year.

Foundational changes

We are committed to continued improvements to education and training commissions, including negotiating and implementing a new Bench Mark Price for student places to ensure maximum value for taxpayers' money and the best possible experience for both students and patients.

HEE is changing from a Special Health Authority to a Non Departmental Public Body and implementing the 'Beyond Transition' programme to ensure that we are fit for purpose for the future; are able to deliver on our Mandate and statutory duties; and are working as efficiently as possible.

Priority commitments

We will commission sufficient training places so that the commitment for an additional 4,200 FTE health visitors can be met by April 2015 to improve care to new mothers and their families. Midwifery training commissions will also be maintained at 2014/15 levels to ensure quality of care for pregnant women and their babies.

We will also ensure a greater focus on mental health, including supporting delivery of the Improving Access to Psychological Therapies programme.

Basic dementia training will be provided to a further 250,000 staff by March 2015, ensuring that the tools and training opportunities are available to all staff by the end of 2018.

HEE will support flexible methods for entering training and employment, doubling the number of apprenticeships in healthcare to widen participation in the health workforce.

Transformational changes

We will take the lead in England on the response to the Shape of Training review so that the way we educate and train the medical profession is fit for the future.

In 2014/15 we will also develop and pilot life cycle based workforce planning, starting with children and young people. It is essential that we develop a method for planning the future workforce based on the needs of future patients, so that care is centred on the individual.

Health Education England: the organisation and its people

Our people

HEE had established a directly employed workforce of 2,316 members of staff by March 2014. The majority of those staff transferred to HEE from the former Strategic Health Authorities (SHAs) and Deaneries, mostly to work in our LETBs, from 1 April 2013. Included in our headcount are a number of seconded-in staff who are mostly clinical staff who add value to our work by providing clinical/health expertise and excellence. We have worked on a number of key areas during 2013/14 to engage and support staff as they deliver on their objectives and to ensure the organisation upholds and supports the NHS Constitution in both its values and also in terms of the Constitution's staff pledges.

We have built good links with our trade union representatives and have engaged them in a number of strategic pieces of work and development areas. Our Partnership Forum meets on a bi-monthly basis and includes representatives from our Executive Team, LETB Managing Directors and the HR team.

A suite of new HR policies have been developed and, in partnership with our trade union colleagues, the harmonisation of existing HR policies is currently being completed.

The health and wellbeing of our staff is a key focus for the HEE Board and our senior managers. We aim to keep staff well and support them if they become unwell. Capita Occupational Health is used for occupational health support. Our staff also have access to a confidential Employee Assistance Programme, which is available 24 hours a day, seven days a week. As part of the Organisational Development network, a health and wellbeing group is using the Boorman principles to develop our organisation's health and wellbeing objectives. The overall sickness absence rate for 2013 has remained low at 2.5%, and compares well with the wider NHS (3.4%), central government (3%) and local government (2.7%)*.

Days available for 1 April to 31 December 2013 (full-time equivalent)	237,774
Days lost due to sickness absence in that period	5,978
Average no of days lost per full time equivalent	4.2
Sickness absence rate	2.5%

The Incremental Pay Progression framework, in line with the national revisions to the Agenda for Change terms and conditions handbook, has been developed and training rolled out to all managers. This has strengthened our commitment to the importance of the appraisal process in HEE and our high performance culture.

We provide a wide range of facilities and schemes to improve the working lives of our staff including: flexible working options; support during maternity leave; paternity leave and information about carers' and statutory rights.

To strengthen our commitment to the working lives of our staff, HEE has gained some important accreditations and is working with Tommy's Pregnancy at Work; Working Families, Stonewall; as well as the national 'Two Ticks' disability scheme.

Our staff have access to a dedicated internal HR portal, HR Direct, where a comprehensive package of information is available. HEE offers a wide range of benefits for our staff including; childcare vouchers, car salary sacrifice scheme and a cycle to work scheme.

**"Sickness Absence In The Labour Market". Office for National Statistics, February 2014*

Organisation Design (OD)

Following the roll out of OLM e-learning in August 2013, 62% of staff have now completed the five mandated e-learning courses. Based on feedback, a review of content, frequency and access has been commissioned to improve both quality and uptake. Additionally, central funding has been secured to review and improve the national Equality and Diversity e-learning package in the first quarter of 2014-15.

Throughout 2013/14, staff have had the opportunity to shape the direction of travel of HEE; in the summer, the national team encouraged all staff to take part in an internal consultation to develop a national OD plan; in the autumn, HEE achieved a 60% completion rate for the annual NHS Staff Survey, compared to the 49% NHS average - this produced baseline data of performance against the staff pledges in the NHS Constitution plus additional data on the themes of staff satisfaction and equality and diversity. LETBs and our national team have engaged locally with staff throughout the spring of 2014 to agree staff survey action plans. The final draft of the OD plan will be informed by these action plans and is to be presented to the Board in April 2014.

The HEE OD network has been established to guide and oversee OD initiatives and activity across the organisation, and to assist in taking the OD Plan forward. Key early activities for the group will include defining the binding principles that underpin our 'One HEE' approach and agreeing the learning and development offer for staff for 2014/15.

Equality and diversity

We are committed to creating a culture in which diversity and equality of opportunity are actively promoted and in which unlawful discrimination is not tolerated. HEE recognises that the experiences and needs of every individual are unique. We strive to value and respect the diversity of all our staff, stakeholders and the public. We aim to create an organisation, where everyone has the opportunity to fulfil their potential.

HEE is committed to delivering its requirements in line with the Equality Act (2010), eliminating any unlawful discrimination and ensuring that values relating to equality, human rights and inclusion are central to our policymaking, service delivery, employment practices and community involvement.

Here are some key highlights from this area of work in 2013/14.

The gender breakdown of our staff is 1538 female and 844 male. Of our non-executive directors, four are female and two are male; of our executive directors two are female, three are male. There are two female directors and one male director who are also in attendance at Board meetings. In our senior management group (AfC Bands 8d and 9) 412 are female and 518 are male.

AHEAD group

HEE established an Equality and Diversity reference group in October 2013 which includes representation across all LETBs. The group meets on a quarterly basis with teleconference updates provided regularly.

The group has called itself 'AHEAD' – Advancing HEE's Equality and Diversity.

Stonewall Workforce Equality Index

HEE took part in the index review in September 2013 to enable a benchmark to be obtained against our equality and diversity objectives and assess our performance against that of other organisations. An analysis of our submission with Stonewall partners was undertaken in January 2014 and provided useful guidance for improving HEE's equality and diversity performance. HEE is participating in Stonewall's Interhealth network group to develop best practice across the sector.

Embedding the NHS Constitution

The NHS Constitution was been created to protect the NHS and make sure it will always provide high quality healthcare that's free and for everyone. The Constitution brings together in one place details of what staff, patients and the public can expect from the National Health Service. It also explains what everyone can do to help support the NHS, help it work effectively, and help ensure that its resources are used responsibly.

HEE has a statutory duty to promote the Constitution and we are working hard to embed NHS Values, plus the rights and pledges of the Constitution, with students, trainees and our staff. We consider the implications of the Constitution as we plan and deliver all our initiatives. One of the high profile examples of this is our work on Values Based Recruitment to ensure we recruit students, trainees and employees whose individual values and behaviours align with the NHS Constitution. VBR will ensure that selection into all new NHS funded training posts incorporates testing for values by March 2015.

For more details go to www.hee.nhs.uk/work-programmes/values-based-recruitment/

For more information on the NHS Constitution visit www.nhs.uk/choiceintheNHS/Rightsandpledges/NHSConstitution/Pages/Overview.aspx

Health Education East of England has developed a comprehensive local project to promote NHS Values. To improve engagement, they have commissioned a series of memorable animations. They can be viewed at www.youtube.com/channel/UCSl5PHbNgdTK2dtYC70V1Wg

Our Board and directors' details

Since establishment in June 2012 the Health Education England Board has met in public regularly. Through those meetings, the Board has been responsible for taking key strategic decisions about the direction of the organisation, how it will use its resources, reviewing progress with the delivery of key priorities for 2013/14, reviewing the process which took Local Education and Training Boards (LETBs) through authorisation and beyond to Maturity Level 2 and agreeing the allocation of funding across HEE for 2014/15. Notably, in December 2013 the Board approved the first Workforce Plan for England.

Meetings of the HEE Board are publicised through the HEE website, with reports published one week prior to meetings taking place. Board meetings are held in public as per the Admissions to Meetings Act. Members of the public are welcome to attend and observe the meetings and we have frequently welcomed up to 10 members of the public at each meeting.

All Directors have confirmed that there is no relevant audit information of which the auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that auditors are aware of that information.

During the financial year 2013/14 five public meetings of the HEE Board took place. Attendance rates of members is listed in the Annual Governance Statement on page 80.

Where applicable, directors are members of the NHS pensions scheme. Please refer to note 7.5 in the full financial statements for further details. These are available at www.hee.nhs.uk

HEE has complied with the cost allocation and charging requirements set out in HM Treasury Guidance and did not make any donations or contributions to political parties in 2013/14.

Biographies of all HEE board members can be found online at: http://hee.nhs.uk/about/our-board/

Non-Executive Members


Sir Keith Pearson JP DL, Chair


Ann Abraham


John Burdett


Mary Elford (appointed September 2013)


Kate Nealon


Dame Shirley Pearce CBE

Executive Members


Prof Ian Cumming OBE, Chief Executive


Steve Clarke, Deputy Chief Executive and Finance Director


Prof Nicki Latham, Chief Operating Officer


Jo Lenaghan: Director of Strategy and Planning)


Prof Chris Welsh OBE, Director of Education and Quality

Directors in attendance


Prof Lisa Bayliss-Pratt: Director of Nursing


Prof Wendy Reid: Medical Director


Lee Whitehead, Director of People and Communications

Remuneration Committee

The Remuneration Committee is a formally appointed Committee of the Board of Directors and its Terms of Reference comply with the Secretary of State's Code of Conduct and Accountability for NHS Boards.

The role of the Remuneration Committee is to advise and make recommendations to the Board about appropriate remuneration and terms of service for the Chief Executive, Executive Directors and other very senior managers covered by the Pay Framework for Very Senior Managers (VSMs) – Gateway reference 6931. The Committee will also approve any residual local pay arrangements and ratify the application of the national terms for staff.

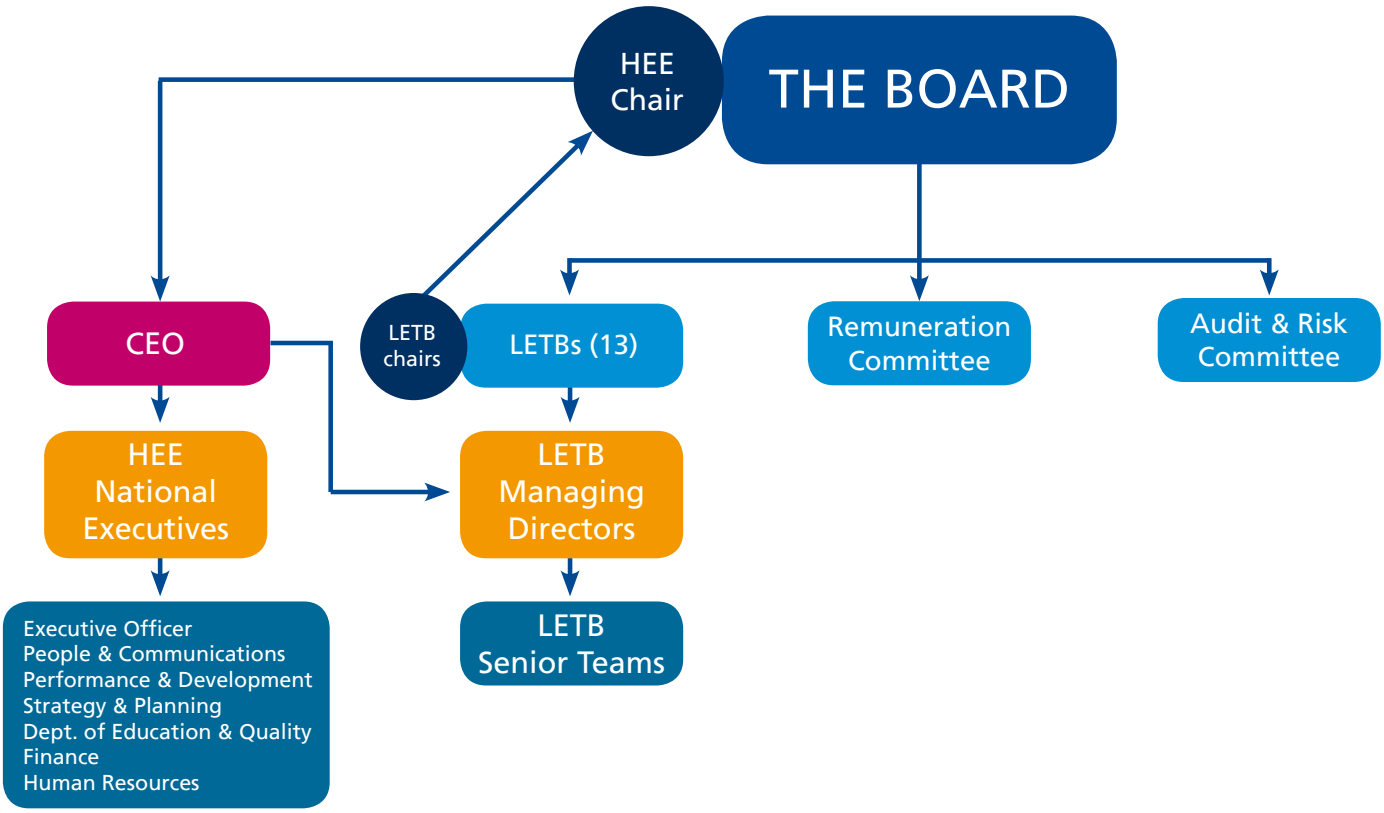
The Committee is made up of the Non Executive Board members. During the year Terms of Reference for the Committee were amended, increasing the quorum from two members to the Committee Chair, plus two members.

The Chair of the Committee is Ann Abraham. During the financial year 2013/14 five meetings of the Remuneration Committee were held. All meetings were recorded as fully quorate.

Audit Committee

The Audit Committee is established to provide the Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS and Special Health Authorities. During the year the Audit Committee undertook an assessment of their compliance with the NAOs Good Practice for Audit Committee's implementing a number of recommendations to strengthen their performance.

The Committee is appointed by the Board from the Non-Directors, during the year membership of the Committee increased from two to three members. The Chair of the Committee is John Burdett. During the financial year 2013/14 five Audit Committee meetings were held. All meetings were recorded as fully quorate.



Sustainability Report

Introduction

Health Education England is committed to long-term sustainable development, and takes seriously its responsibilities to the wider community. We acknowledge the potential impact that our activities may have on the environment so will ensure that effective environmental management and sustainable development become integral parts of our working agenda. HEE is certain that by delivering on its central mission of developing the health and healthcare workforce, it is also contributing to a strong, healthy and sustainable society for future generations. This fundamental principle underpins HEE's vision, so that sustainability resonates with both staff and stakeholders.

HEE is committed to managing its estate and activities in a way that is compatible with the principles and objectives of sustainability contained within the Greening Government Commitments (GGC) and through a close association with Department of Health (DH). The main areas of environmental impact are through building use (energy and water), transport and travel, waste and procurement.

HEE currently operates its estate on a shared services and facilities multi occupancy basis, with the majority of these managed by NHS Property Services, which is currently exempt from the Government reporting procedures and therefore do not hold the required reporting data. Although this is out of HEE's direct control we will continue to ensure that all relevant data is provided.

The current five year Carbon Management Plan (CMP) comes to an end in 2015, at which point new targets are to be introduced. The CMP included a carbon reduction target of 30% (based upon a baseline of 2007/08 levels). HEE are working on the development of robust systems, that are to be introduced from 2015, and will measure our performance on sustainability throughout the year.

In line with HEE's commitment to long-term sustainable development, the following initiatives have been undertaken during 2013/14.

Sustainability group

A new sustainability group was introduced in early 2014, and although terms of reference have yet to be established, the group has already commenced positive engagement with HEE staff. A sustainability competition received over fifty ideas and we now have a very clear idea on how our colleagues expect HEE to deliver a sustainable working environment.

Energy

HEE will aim to reduce its carbon footprint in line with government targets.

Transport and travel

Following the introduction of the HEE Travel policy and subsequent monitoring of travel activity, all colleagues are actively encouraged to reduce their individual business travel requirements by considering all alternative options including technology, such as video conferencing.

Waste

HEE recognises the importance of good waste management. We have followed a DH-led programme to reduce general waste to land fill at our Leeds office by removing all individual waste bins and introducing central general and recycling waste containers. An immediate reduction of general waste clearance of 50% has been achieved, with an increase of waste for recycling of the same percentage. Several similar schemes are operated by building managers throughout the estate, and the target is to encourage all buildings occupied by HEE to adopt similar projects.

All staff are encouraged to recycle spent printer cartridges and again this has been widely adopted throughout the estate.

HEE will support the DH implementation of the Closed Loop Recycling initiative, which proves for recycling, production, delivery and collection of paper.

Procurement

HEE continues to maintain a sound level of compliance with Government and DH buying standards, ensuring wherever possible that key categories of spend receive a more focused approach to buying more sustainably. In addition, HEE is working hard to ensure it purchases more products derived from renewable sources, and encouraging its suppliers to develop innovative suitable products for use by HEE.

Priorities and targets for 2014/15

HEE will further reduce costs by implementing the following in the next twelve months:

- Develop and implement a Sustainable Development Team with full terms of reference, and robust reporting structure.
- Develop and implement a Sustainable Development Action Plan and Strategy, which will include overall principles, organisation approach taken and key aims for HEE.

HEE will continue work to improve the environmental impact of our activities, working with public organisations and benefiting from the support of our local community in delivering our services. HEE is committed to the sustainability agenda and we recognise that we have an important role to play as an arms-length body of DH, in reducing carbon emissions and continually improving our sustainability performance. People are increasingly aware of the need to reduce energy consumption at home and it is important that we educate, encourage and enable staff to do the same at work. This is consistent with our duty as a responsible public sector organisation.

Professor Ian Cumming,
OBE, Chief Executive

Remuneration Report

Remuneration Report

Statement on audit compliance

HEE have conferred with auditors to ensure that the content of the Remuneration Report complies with all requirements.

The Remuneration Committee's primary aim is to oversee, and approve where necessary, the appropriate remuneration and terms of service for the Chief Executive, Directors and other Very Senior Managers on behalf of the Board. The Committee has delegated powers to act on behalf of the HEE Board within the approved Terms of Reference.

The Committee adheres to all relevant legislation, regulations and policies in all respects including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate executive directors and senior staff whilst remaining cost effective.

The committee's remit includes:

- with regard to the Chief Executive, Directors and other Very Senior Managers, all aspects of salary (including any performance-related elements, bonuses);
- provisions for other benefits, including pensions and cars;
- arrangements for termination of employment and other contractual terms (decisions requiring dismissal shall be referred to the Board);
- ensuring that officers are fairly rewarded for their individual contribution, having proper regard to HEE's circumstances and performance and to the provisions of any national arrangements for such staff;
- proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advising on and overseeing appropriate contractual arrangements for such staff. This will apply to all Health Education England staff;
- proper calculation and scrutiny of any special payments.

HEE's Remuneration Committee is chaired by Ann Abraham, Non-Executive Director and is comprised of all of the Non-Executive Directors. The Committee met on five occasions during 2013/14 in order to discharge its duties in relation to the above terms of reference. A written report of each meeting is provided to the subsequent public Board meeting, and copies of the full minutes of the meetings are provided to all of the Non-Executive Directors. The Committee is supported by the Corporate Secretary and the Head of Human Resources and Organisational Development

Health Education England is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the organisation in the financial year 2013/14 was £200,000 to £205,000 (2012/13, £195,000 to £200,000). This was 5.0 times (2012/13 9.3) the median remuneration of the workforce, which was £40,558 (2012/13 £21,176). In 2013/14, nil (2012/13, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £5,475 to £194,425.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

These figures have been subject to audit.	**2013/14**
Band of highest paid director's total remuneration £000*	200-205
Median total	£40,558
Remuneration Ratio	5.0

*This consists of all taxable payments to Prof Ian Cumming, see columns (a) and (b) of the Single Total Figures Table, page 70.

The median has changed significantly from 2012/13. This is due to a significant increase in staff TUPE transferring into HEE on 2 April 2013, following the closure of SHAs and PCTs, significantly increasing our staffing.

Off-payroll engagements

A Treasury requirement for public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees) was introduced in 2012/13. The requirement remains in place for 2013/14 and the following table presents the information required for HEE from 1 April 2013 to 31 March 2014, for those engaged for more than £220 per day and for a period lasting longer than six months:

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2013 and 31 March 2014	17
Number of new engagements which include contractual clauses giving HEE the right to request assurance in relation to income tax and National Insurance obligations	17
Number for whom assurance has been requested	0
Of which:	
• assurance has been received	0
• assurance has not been received	0
• engagements terminated as a result of assurance not being received, or ended before assurance received.	0

Salaries and allowances

Those identified within the annual report are those senior staff and non-executive directors who make up the organisation's governing body – the HEE Board. This is as per the Department of Health's guidance on Annual Reports for 2013/14 which states at para 2.44 that those listed should be:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments".

Notes to the Single Total Figures Table

Column (a): the total amount of salary and fees paid or receivable by the person in respect of qualifying services. Salary covers both pensionable and non-pensionable amounts. Salary includes all amounts payable by HEE including recharges from any other health body, the gross cost of salary arrangements, any financial loss allowances paid in place of remuneration, geographical allowances such as London weighting, and any other allowance which is subject to UK taxation and any ex-gratia payments

Column (b): all taxable benefits (to the nearest £100 and disclosed in £00s). This is the gross value of such benefits before tax including: expenses allowances that are subject to UK income tax and paid to the person in respect of qualifying services; and benefits received by the person (other than salary) that are emoluments of the person and received by them in respect of qualifying services; specifically expenses and salary sacrifice schemes apply to persons within HEE.

Column (c): annual performance pay and bonuses. These comprise money or other assets received or receivable for the financial year as a result of achieving performance measures and targets relating to a period ending in the relevant financial year. No such payments were made by HEE in this financial year.

Column (d): Long term performance pay and bonuses. These comprise money or other assets received or receivable for periods of more than one year where final vesting is determined as a result of achieving performance measures or targets relating to a period ending in financial year 2013/14 (2012/13 for comparison data); and is not subject to the achievement of performance measures or targets in a future financial year.

Column (e): All pensions related benefits including the cash value of payments (whether in cash or otherwise) in lieu of retirement benefits, and all benefits in year from participating in the NHS Pension scheme.

Column (f): the total of the values disclosed in columns (a) to (e).

Single Total Figure of Remuneration

Single Total Figures Table *These figures have been subject to audit.*

Name and title	(a) Salary (bands of £5000) £000		(b) Expense Payments (taxable) total to nearest £100 £00		(c) Performance Pay & Bonuses (bands of £5000) £000		(d) Long term performance pay and bonuses (bands of £5000) £000		(e) All pension-related benefits (bands of £2500) £000		(f) TOTAL (a to e) (bands of £5000) £000	
Non-Executive Directors												
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Ms A Abraham	5 - 10	0 - 5	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5 - 10	0 - 5
Mr J Burdett	10 - 15	5 - 10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	10 - 15	5 - 10
Ms M Elford	0 - 5	-	Nil	-	Nil	-	Nil	-	Nil	-	0 - 5	-
Ms K Nealon	5 - 10	0 - 5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5 - 10	0 - 5
Prof S Pearce	5 - 10	0 - 5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5 - 10	0 - 5
Sir Keith Pearson	50 - 55	40 - 45	11	Nil	Nil	Nil	Nil	Nil	Nil	Nil	55 - 60	40 - 45
Executive Directors												
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Mr S Clarke*	150 - 155	-	Nil	-	Nil	-	Nil	-	0 - (2.5)	-	150 - 155	-
Prof I Cumming	190 - 195	125 - 130	100	52	Nil	Nil	Nil	Nil	40 - 42.5	75 - 77.5	240 - 245	205 - 210
Prof L Bayliss-Pratt**	95 - 100	55 - 60	31	-	Nil	-	Nil	-	Nil	-	100 - 105	55 - 60
Prof N Latham	130 - 135	75 - 80	3	Nil	Nil	Nil	Nil	Nil	25 - 27.5	-	160 - 165	-
Mrs J Lenaghan	135 - 140	-	Nil	-	Nil	-	Nil	-	37.5 - 40	-	170 - 175	-
Prof W Reid***	150 - 155	-	Nil	-	Nil	-	Nil	-	460 - 462.5	-	610 - 615	-
Prof C Welsh****	145 - 150	35 - 40	Nil	-	Nil	-	Nil	-	Nil	-	145 - 150	35 - 40
Mr L Whitehead	130 - 135	-	28	-	Nil	-	Nil	-	50 - 52.5	-	185 - 190	-

Footnotes to the Single Total Figures Table

Footnotes:
*Mr Steve Clarke ceased membership with the NHS Pension scheme in February 2014. CETV is therefore comparatively lower than 2012/13 disclosed figures and the result is a small negative figure.
**Professor Lisa Bayliss-Pratt was recharged by her host organisation for the work undertaken on behalf of HEE during 2012/13 and amounts to six months' remuneration
***Professor Wendy Reid was employed by a different organisation in previous years. Both working pattern, role and employer have changed, therefore CETV value is comparatively higher than in 2012/13 disclosed figures.
**** Professor Chris Welsh was recharged by his host organisation for the work undertaken on behalf of HEE during 2012/13 and amounts to three months' remuneration

- - has been inserted where no comparative information is available
- Apparent increases in Non-Executive Directors' pay are due to contracts commencing part way through the financial year 2012/13.
- The apparent increases in both Prof I Cumming's and Prof N Latham's salary are due to contracts commencing part way through the financial year 2012/13.

Payments for loss of office

No loss of office payments were made by HEE to the senior management staff covered by the remuneration report in 2013/14.

Pension benefits 2013/14

2013-2014 *These figures have been subject to audit.*							
Name and title	(a) Real increase in pension at age 60 (bands of £2,500) £000	(b) Real increase in pension lump sum at aged 60 (bands of £2,500) £000	(c) Total accrued pension at age 60 at 31 March 2014 (bands of £5,000) £000	(d) Lump sum at age 60 related to accrued pension at 31 March 2014 (bands of £5,000) £000	(e) Cash Equivalent Transfer Value at 1 April 2013 £000	(f) Cash Equivalent Transfer Value at 31 March 2014 £000	(g) Real increase in Cash Equivalent Transfer Value £000
Mr S Clarke	0-2.5	0-2.5	75-80	230-235	1691	1798	70
Prof I Cumming	2.5-5	7.5-10	70-75	220-225	1193	1308	88
Prof L Bayliss-Pratt*	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prof N Latham	0-2.5	Nil **	0-5	Nil**	14	41	26
Mrs J Lenaghan	0-2.5	5-7.5	15-20	55-60	248	297	44
Prof W Reid	20-22.5	62.5-65	50-55	160-165	685	1163	463
Prof C Welsh*	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr L Whitehead	2.5-5	7.5-10	10-15	35-40	124	174	48

* Not a member of NHS Pensions Scheme ** Member of 2008 Pension scheme, no lump sum

Pension entitlements:

Column (a) This is the real increase in pension at age 60 during the reporting year 2013/14 taking into account inflation at 2.2%.

Column (b) This is the real increase in lump sum (not applicable to persons who joined the 2008 NHS Pension Scheme) during the reporting year 2013/14 taking into account inflation at 2.2%.

Column (c) The value at 31 March 2014 in total accrued pension.

Column (d) The value at 31 March 2014 in lump sum at age 60.

Column (e) This is the value of the cash equivalent transfer value at 1 April 2013.

Column (f) This is the value of the cash equivalent transfer value at 31 March 2014. N.B. The increase in Cash Equivalent Transfer Value in 2014 for Prof W Reid is due to an increase in salary in 2013/14 compared with 2012/13 resulting from a new role.

Column (g) This is the real increase in the cash equivalent transfer value at 31 March 2014 taking into account inflation at 2.2%.

Professor Ian Cumming,
OBE, Chief Executive

Statement of Accounting Officer's responsibilities

Statement of Accounting Officer's responsibilities

The Accounting Officer for the Department of Health has appointed the Chief Executive of HEE as the Accounting Officer. As Chief Executive and Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible, in accordance with the responsibilities set out in HM Treasury's Managing Public Money and as assigned to me in the Accounting Officer Memorandum.

Under the NHS Act 2006 and directions made there under by the Secretary of State with the approval of the Treasury, we are required to prepare a statement of accounts for each financial year in the form, and on the basis, determined by the Secretary of State, with the approval of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of our state of affairs at the year end and of its net resource outturn, recognised gains and losses and cash flows for the financial year. As Accounting Officer, I have responsibility for ensuring the preparation of our accounts and the transmission of them to the Comptroller and Auditor General.

In preparing the accounts, I am required to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and applied suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

My relevant responsibilities as Accounting Officer, including the responsibility for the propriety and regularity of the public funds and assets vested in HEE, and for the keeping of proper records, are set out in Managing Public Money issued by the HM Treasury.

Annual Governance Statement 2013/14

Governance Statement 2013/14

Scope of responsibility

This statement outlines how responsibility for the control and management of Health Education England's resources were discharged during 2013/14. As Chief Executive, I have overseen Health Education England assume its full responsibilities from April 2013, having previously commenced work in shadow form from October 2012.

As Accounting Officer I am responsible for maintaining a robust system of internal control to support the achievement of the organisation's aims, objectives and policies, whilst safeguarding the public funds and assets, including information, for which I am personally responsible. This is in accordance with those responsibilities assigned to me in the Accounting Officer's Memorandum and in Managing Public Money, as well as relevant guidance on information governance.

As Accounting Officer, and Chief Executive of a Special Health Authority, my tripartite accountability regarding the effective discharge of the organisation's functions, meeting its statutory duties and stewardship of the resources provided to us, is to the Board of Health Education England, the Secretary of State for Health, and Parliament. We have worked closely with our Department of Health sponsor team and have established and maintained arrangements for regular performance reporting and review.

HEE's governance framework

Health Education England operates within a governance framework that includes: the Primary Legislation, Statutory Instruments and Directions that describe our core functions and duties; our Mandate from the Government detailing our strategic objectives; a Framework Agreement that defines how we will work with the Department of Health to discharge our accountability responsibilities together; matters determined by our Board to ensure robust decision-making processes are in place; and compliance with the requirements of Managing Public Money and the Corporate Governance Code as this relates to public bodies.

Throughout our first full year, we have operated with a unique governance structure. This is based on a statutory integrated board with a single Accounting Officer and national Executive Team, but also having local committees of the board chaired by independent chairs and led by very senior managers. These arrangements stem from our starting point as a body created principally from Strategic Health Authority Workforce and Deanery staff. These transferred to Health Education England as a single employer to help ensure the continuity and stability of education and training provision in the newly configured NHS landscape.

We recognise that Health Education England is a single organisation and it must function as one. The way in which we were established has meant that Health Education England has sometimes appeared to function as a national body with thirteen local committees, each having their own separate identity.

During 2013/14, work commenced to consider our business model for the future, as we moved away from transition and the initial challenge of maintaining continuity to developing a sustainable organisation capable of delivering its functions more efficiently.

The case for change is based on the need for Health Education England to: operate effectively as a single statutory body with a clear culture, purpose and vision, to ensure optimal alignment of our national and local activities; focus on our whole workforce and transformation, enabling staff to work together across the organisation; meet the standards of governance and process expected of a single statutory Non-departmental Public Body and create greater alignment with the rest of the system; demonstrate cost efficiencies in line with Government targets. We understand that our corporate governance arrangements will need to evolve to reflect our developing maturity.

Our current governance arrangements are as follows: Health Education England now has a Board comprising the Chair, five Non-executive Directors, the Chief Executive and four other Executive Directors. There are also plans to recruit one more Non-executive Director and the Secretary of State for Health has made an order to facilitate this plan.

The Board is responsible for holding the Executive team to account and one of the ways it achieves this is through regular performance management reports and review of plans and progress against them.

Health Education England is responsible for exercising the Secretary of State for Health's duty to secure an effective system for the planning and delivery of education and training in respect of the health service in England. This includes providing national leadership for the planning and development of the whole healthcare and public health workforce, as well as promoting high quality education and training that is responsive to the changing needs of patients and communities.

Responsibility for the regional delivery of our core functions is delegated to thirteen Local Education and Training Boards (LETBs) in accordance with directions from the Secretary of State for Health. LETBs are constituted as committees of the Health Education England Board.

In 2012/13, we conducted a successful authorisation process that ensured our LETBs were fit to operate as committees of the Health Education England Board. Individual accountability agreements were issued to each, defining developmental conditions. In 2013/14, our work with LETBs has continued, enabling them to make good progress. Members of the Health Education Board have been able to confirm that all conditions and areas for LETB development were addressed in 2013/14.

Monitoring LETB performance and fulfilment of their annual accountability agreements has been augmented by monthly meetings of our Senior Leadership Team, comprising all Executive Directors of Health Education England and Managing Directors of LETBs.

Our governance framework also includes separate Audit & Risk and Remuneration Committees.

The Audit & Risk Management Committee is constituted as a non-executive committee of the Board. It has three non-executive members, with attendance as required by the Director of Finance, internal and external audit and other staff members. It is responsible for providing the Board with an objective assessment of the effectiveness of the Assurance Framework and management of governance and risk.

The Remuneration Committee is also a non-executive committee of the Board. It is responsible for determining the remuneration, terms of service for the organisation's very senior managers and other senior staff, as well as ensuring that systems are maintained to assess the performance of these staff.

The effectiveness of the Health Education England Board has been vital during our first year of full operations to ensure that good governance underpins our activities. Non-executive Directors have provided essential constructive challenge to assist with this. The Board has also given expert direction on the formulation of our strategic direction, the establishment of our advisory structures, development of our first national Workforce Plan and agreeing business priorities for the coming year.

The Board was provided with sufficient information to enable it to function well. We initiated the development of an integrated performance report to provide the Board with comprehensive data on our progress and allow effective oversight of the whole organisation's activity. We also conducted a Board assessment exercise to evaluate members' competencies and understand how to work together more effectively. The results will be used to inform future Board development.

The Health Education England Board considered the recommendations of the Harris Review and its cautionary findings on the delegation of statutory functions; appropriate guidance has been provided to our senior leadership to make certain we remain compliant in this area and this will be monitored as we move forward.

Possible and actual attendance records for Board and Committee members in 2013/14 are shown below:

		Attendance at meetings		
Board member	**Position**	**Board Meetings**	**Audit Committee**	**Remuneration Committee**
Sir Keith Pearson	Chair	5/5	-	4/5
Ann Abraham	Non-Executive Director	5/5	1/1	5/5
John Burdett	Non-Executive Director	5/5	5/5	5/5
Mary Elford *(appointed 1/9/2013)*	Non-Executive Director	2/2	3/3	3/4
Kathleen Nealon	Non-Executive Director	5/5	3/5	2/5
Dame Shirley Pearce CBE	Non-Executive Director	4/5	-	3/4 (joined Sept)
Prof. Ian Cumming OBE	Chief Executive	5/5	-	-
Prof. Lisa Bayliss-Pratt	Director of Nursing	3/5	-	-
Steve Clarke	Deputy Chief Executive and Director of Finance	4/5	-	-
Prof. Nicki Latham	Chief Operating Officer	4/5	-	-
Jo Lenaghan	Director of Strategy and Planning	5/5	-	-
Prof. Wendy Reid	Medical Director	4/5	-	-
Prof. Chris Welsh OBE	Director of Education and Quality	3/5	-	-
Lee Whitehead	Director of People and Communications	5/5	-	-

We are also cognisant of our need to support the Secretary of State for Health's duty to manage health inequalities. As part of our workforce planning process, we ensured that provision was made for investment in the public health and wider workforce to help deliver both local and national priorities designed to reduce health inequalities.

I have reviewed Health Education England's corporate governance arrangements against the requirements of the Corporate Governance Code. I am satisfied that the relevant principles and provisions are reflected by the arrangements we have in place.

Risk assessment and control framework

Health Education England has established a risk management procedure which has been implemented across the whole of the organisation. We have maintained a corporate risk register and this has been reviewed on a monthly basis by the Executive Team. It has also been considered by our Board and more fully by the Audit & Risk Committee. Copies of the register have been provided regularly to our Department of Health sponsor team and have informed their assessment of our organisational progress at our quarterly accountability reviews. A copy of the risk register is made accessible to all staff.

The content of our risk register in the early part of 2013/14 necessarily related mainly to ongoing establishment and post-transition issues stemming from the need to manage widespread change in the NHS. Over the course of the year, we have developed our risk management process for the organisation to ensure that managers consider risk as an integral part of all business and operational planning. This has been augmented by agreeing specific programme and project management standards to ensure our activities in this area are managed efficiently.

We have maintained our agreed risk management process consistently. As a consequence, our corporate risk register now serves as an effective repository of organisational strategic risk. Both the Executive Team and the Board have conducted risk workshop sessions to ensure that our handling of risk is focused and relates directly to our business aims.

Review of risk management and internal control effectiveness

As Accounting Officer for Health Education England, I am responsible for reviewing the effectiveness of the system of internal control. In this, I have been informed by the findings of the National Audit Office and our internal auditors as well as managers in the organisation with responsibility for the development and maintenance of a robust internal control framework. I have also been advised on the effectiveness of the arrangements in place by the Board, the Audit & Risk Committee and the Executive Team. Our focus as a body in its first full year has been on implementing measures that enable us to conduct our operational activity effectively and ensure the efficient use of the public funds allocated to us.

Our internal audit service is provided by the Department of Health. The Head of Internal Audit for Health Education England is responsible for providing an opinion on the overall assurance arrangements we have in place. The opinion this year indicates moderate assurance, based on adequate and effective controls in place in relation to governance and risk management.

The Head of Internal Audit has also identified some internal control issues for Health Education England to address. A Limited Assurance opinion has been provided specific to those areas where additional control measures are required; these areas are: business continuity, contract management, information governance, managing requests for information and student bursary payment controls. In all cases, action plans with timescales have been agreed to address relevant issues. These will be implemented throughout 2014/15 as we remodel Health Education England to ensure its structure enables it to perform fully as a single organisation.

The Head of Internal Audit's opinion reflects the fact that Health Education England inherited a complex and highly devolved start-up structure. The opinion relates to a context of development and evolution in which our initial priority has been to implement core controls relating to corporate processes and financial management. The opinion notes that our controls and processes have worked more effectively where these have been centralised.

There has been one incident relating to the loss of protected personal data. This was reported to the Information Commissioner's Office and the Department of Health in line with current guidance. We have also taken remedial measures in response to this occurrence to minimise the risk of any repetition.

Conclusion

Health Education England only assumed its full responsibilities at the start of 2013/14. Our systems of internal control reflect the early stage of our development and the necessary priorities we have made as a consequence.

My review confirms that Health Education England has a generally sound system of governance that supports the achievement of our aims, policies and objectives.

The control issues identified will be addressed fully as an integral part of our work to develop a leaner and more sustainable business model. 2014/15 will be a challenging period for the organisation as it continues to evolve from its original state to become an effective and efficient single statutory body.

Register of Interests: Health Education England Board Members (31/3/14)

Name	Position	Interest disclosed	In Year Appointment / Resignation
Sir Keith Pearson JP DL	Chair	UK Revalidation Programme Board, General Medical Council	
		Migrant Access/Cost Recovery Tsar (Independent Advisor), Department of Health	2013 - present
Ann Abraham	Non-Executive Director	Chair, Dorset Healthcare University NHS Foundation Trust	Appointment commences: 07/04/2014 Appointment due to commence 7/4/2014
		Non-Executive Director, Dorset Healthcare University NHS Foundation Trust	Appointed: 01/12/13
		Board Member and Trustee, The Picker Institute, Europe	
		Member of the Validation Committee, The Ombudsman Association	
		Individual Associate Member, The Ombudsman Association	
John Burdett	Non-Executive Director	Director, Palladio Ltd	
Mary Elford (appointed 1.9.13)	Non-Executive Director	Lay Member, General Pharmaceutical Council	Appointed: April 2013
		Non-Executive Director, East London Foundation Trust	Appointed: February 2012
		Lay Adviser and Patient Representative, Department of Health, King's Fund	Resigned 2013
		Council Member, Queen Mary, University of London	Resigned: 30/11/2013
		Non- Executive Director, Queen Mary Bioenterprises	Appointed: 26/03/2014
		Member of the National Advisory Committee on Clinical Excellence Awards	

Name	Position	Interest disclosed	In Year Appointment / Resignation
Kate Nealon	Non-Executive Director	Non-Executive Director, Argo Group International Holdings	
		Non-Executive Director, Argo	
		Managing Agency Ltd	
		Non-Executive Director, Finance and Planning Committee, Westminster Cathedral	
		Ambassador, Wellbeing of Women (charity)	
Dame Shirley Pearce CBE	Non-Executive Director	Board Member, Higher Education Funding Council for England	
		Chair, College of Policing	Appointed: March 2013
		Review Panel Member for the Regulation of Cosmetic Interventions, Department of Health	
		Trustee and Member, University Council, University of Cambridge	
Prof. Ian Cumming OBE	Chief Executive	Hon. Chair in Leadership, Lancaster University	
		Professional and Linguistics Assessment Board, General Medical Council	
		University of Chester, family member undertaking HEE funded study	
		University of Leeds, family member undertaking HEE funded study	
		Worcester Acute Hospitals Trust, wife is an employee	
		Central Manchester Foundation Trust, brother and sister are employees	
Prof Lisa Bayliss-Pratt	Director of Nursing	Honorary Research Fellow, University of Wolverhampton	
		Honorary Visiting Professor, City University London	
Steve Clarke	Deputy Chief Executive and Director of Finance	Nil	
Prof. Nicki Latham	Chief Operating Officer	Visiting Professor, Leeds Metropolitan University	Appointed: 01/05/2013

Name	Position	Interest disclosed	In Year Appointment / Resignation
Jo Lenaghan	Director of Strategy and Workforce Planning		
Prof Wendy Reid	Medical Director	Consultant Obstetrician, Royal Free Hospital, London	
		Vice-President (Education), Royal College of Obstetricians and Gynaecologists	
Prof Chris Welsh	Director of Education and Quality	Director, C L Welsh and Co Ltd	
		Fellow, Royal College, Surgeons of England	
		Member, Faculty of Medical Leadership and Management	
Lee Whitehead	Director of People and Communications	Nil	

Transparency

Health Education England fully supports the Government's transparency agenda and understands why it is important. Transparency in public services increases organisational accountability and helps to provide assurance that funds are being used sensibly. Accordingly, we publish the minutes of our Board meetings on our website so the public can see what decisions have been taken and why. In line with relevant guidance, we also disclose certain categories of spending on our website too. All transactions over £25,000 are available to view as are all purchases over £500 made using a corporate credit card. We will continue to be as open as possible regarding the actions we take and the supporting resource we use.

Specific risks for now and the future

Throughout 2013/14 HEE's risk profile has reflected the organisation's development. Carried over from 2013/4 into the first half of the year were risks predominantly focussed on delivering a safe transition into the new system. This included how HEE would respond to and mitigate known risks around: destabilisation of the system, including provider disengagement and withdrawal; partner and stakeholder relationships being destabilised: threats to effective commissioning of education and training for local workforces; delivery of the HR strategy; and implementing appropriate finance strategy, governance, systems and processes effectively.

As HEE moved beyond the transition months and was able to assure the Board that most transition risks had been safely closed down, or merged into day-to-day business activities, the focus of the Corporate Risk Register moved towards delivery of HEE's core business. High profile risks from that period include: managing delivery of HEE's Mandate; lack of maturity in the new NHS system negatively impacting on delivery of objectives across the health system; delivery of the first Workforce Plan for England; moving onto become a risk that there may not be appropriate relationships and analytical skills to build on the Workforce Plan in future years; as well as threats arising which put at risk the delivery of key projects. Throughout the year the Board have maintained an active overview of developments in the delivery of the MDRS (Oriel) system.

In the final quarter of 2013/14 as the Care Bill moved closer to Royal Assent and Non-Departmental Public Body status was confirmed to be granted in 2014/5 and HEE began to consider a sustainable future for the organisation beyond transition and in a landscape of decreasing administrative resource, new risks came to the fore around management, systems and process challenges.

Information on environmental, social and community issues

Corporate Social Responsibility

In July 2013, HEE approved and introduced its Corporate Social Responsibility policy. This sets out our overall aims, objectives and targets for all our offices and has helped to advance understanding across the organisation of our obligation to behave ethically and manage environmental impacts.

Progress has been achieved across a range of areas. We have:

- Maintained strong business ethics by promoting the values of the NHS Constitution to all our staff and planning for values-based recruitment across the NHS more widely.
- Reduced our carbon emissions and costs from business travel by utilising technology to support our meetings. In addition, we have introduced schemes to encourage sustainable commuting by our staff.
- A Sustainability Group has been established to monitor our progress toward the Greening Government commitments. HEE staff marked the NHS Sustainability Day by suggesting ways to make the organisation greener and plans have been made to adopt the most effective proposals.
- Implemented a sustainable procurement policy based on LEAN principles that ensures corporate social responsibility is considered for all tender evaluations
- Introduced an Equality and Diversity policy which is supported by an Equality and Diversity Group to ensure its principles are embedded across the whole of HEE.

Engaging our communities

At HEE we engage with local communities through our 13 Local Education and Training Board (LETBs). They are responsible for local engagement with all stakeholders, including patients and the public through strategies approved by their governing bodies. There are reports from the 13 LETBs starting at page 25. HEE has also launched a Patient Advisory Forum, see page 11 for details.

As part of personal development planning, staff are also encouraged to 'do their bit' in local communities by volunteering with a local charity or voluntary group of their choice.

Professor Ian Cumming,
OBE, Chief Executive

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Health Education England for the year ended 31 March 2014 under the National Health Service Act 2006. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Act 2006. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Health Education England's circumstances and have been consistently applied and adequately disclosed;

the Reasonableness of significant accounting estimates made by Health Education England; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

the financial statements give a true and fair view of the state of Health Education England's affairs as at 31 March 2014 and of the net operating cost for the year then ended; and

the financial statements have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder

Opinion on other matters

In my opinion:

the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Health Service Act 2006; and

the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

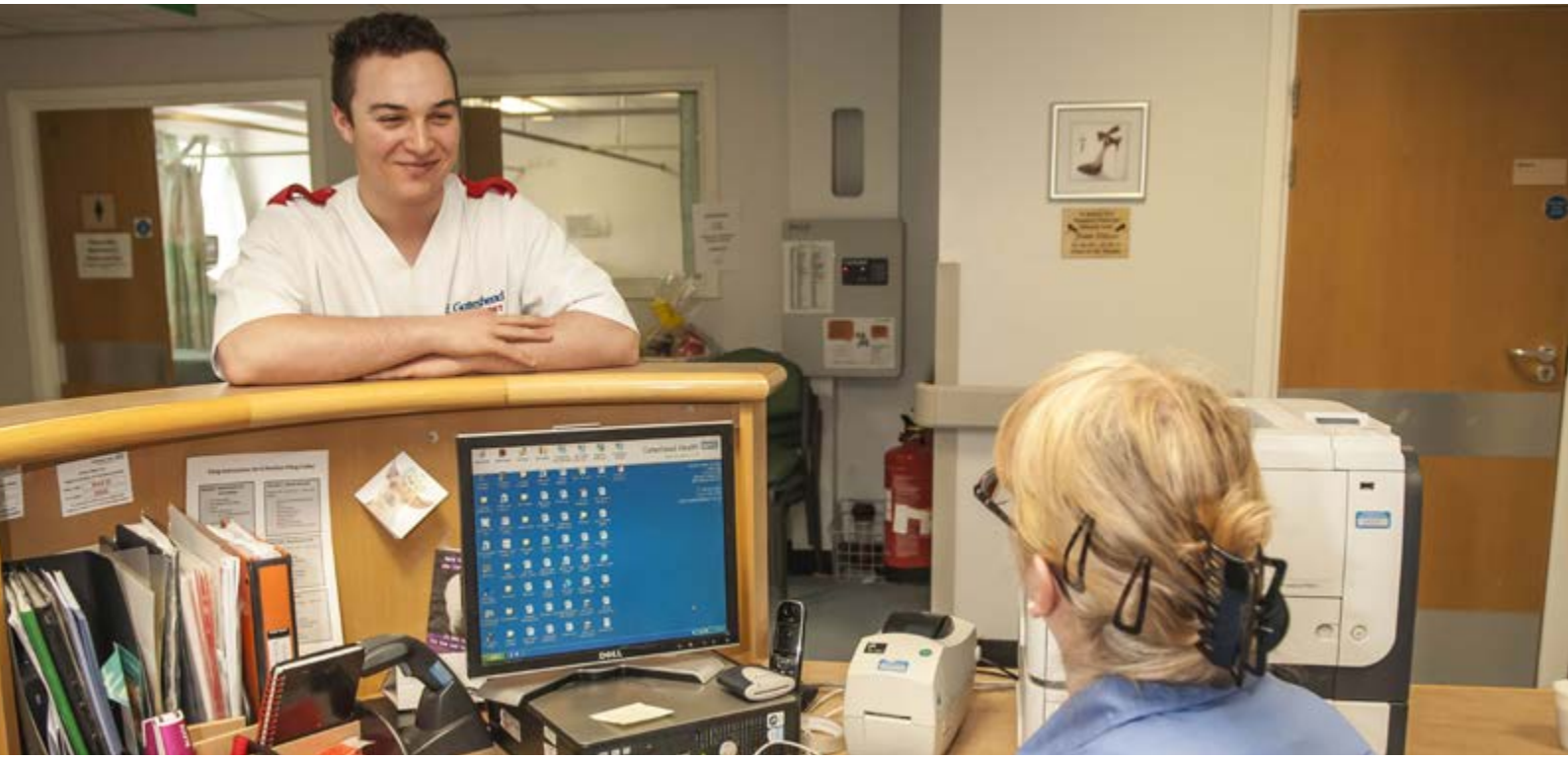
Amyas C E Morse
Comptroller and Auditor General

23 June 2014

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Finance

Finance



Financial review

The financial statements contained within this report have been prepared in accordance with the direction given by the Secretary of State for Health under the NHS Act 2006 and in a format instructed by the Department of Health with the approval of HM Treasury.

Our accounts for 2013/14 have been prepared under International Financial Reporting Standards (IFRS) and comprise a Statement of Financial Position, Statement of Comprehensive Net Expenditure, a Statement of Cash Flows and a Statement of Changes in Taxpayers Equity, all with related notes.

HEE was established on 28 June 2012 for the sole purpose of establishing and developing commissioning architecture outlined in the NHS Health and Social Care Act 2012. From 1 April 2013 HEE took on full responsibility for education and training of the NHS workforce, working through 13 LETBs that are responsible for the training in their local area. This required a significant increase in our budget to just under £5 billion and considerable development of financial systems and processes to manage our finances effectively as one body.

Financial performance

For 2013-14 we have been set stringent targets by the Department of Health, which we are not expected to exceed. We successfully achieved all of these statutory targets.

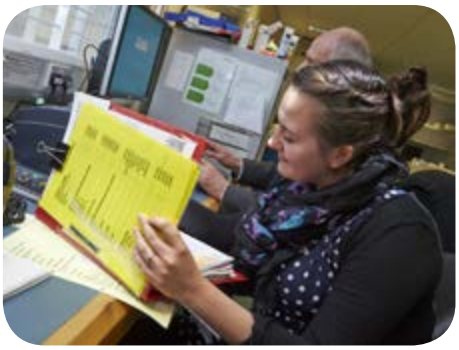
Our net revenue expenditure target was £4883.8 million which we underspent by £7.8 million. More detail on our revenue expenditure is given below.

Our capital resource limit was £2.7 million against which we spent £1.8 million on office rationalisation. Our cash limit was £4885.5 million of which we had a planned under draw of £164.9 million.

Revenue expenditure

For revenue expenditure we are required by the Department of Health to operate within two funding limits. Our expenditure on education and training work programmes is limited to £4.797billion. For administration costs, which are the running costs of the business, we are limited to £86.9million. In 2013-14 we operated within both of these limits.

Programme expenditure was underspent by £0.8 million (0.02% of the budget). Expenditure is spent on four main areas:

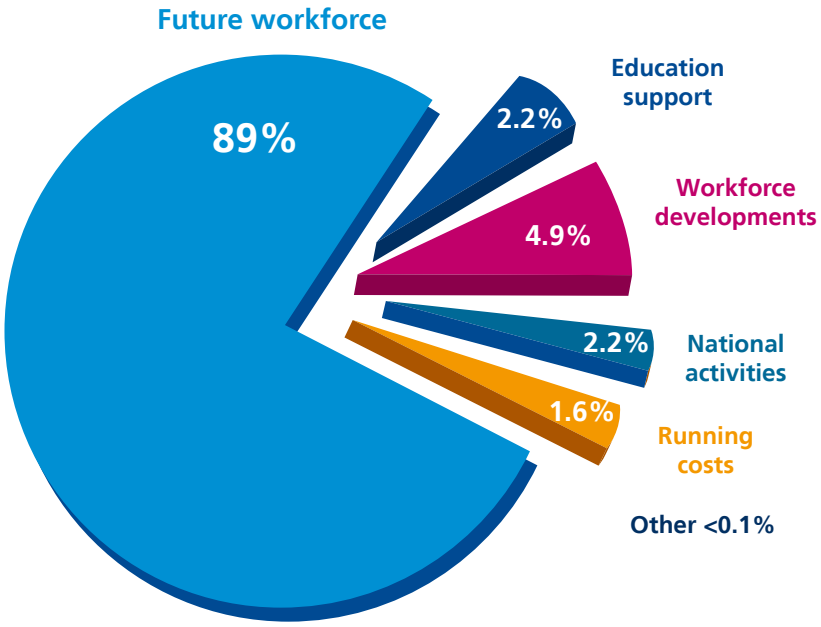


1. The majority of our expenditure is spent training the **future workforce** This covers expenditure on undergraduate training for medical and dental students and other non-medical healthcare professions. There is also expenditure on post-graduate medical and dental and a small amount of post-graduate expenditure for other non-medical professions.
2. **Education support** is the infrastructure to ensure that the future workforce investment achieves the appropriate quality standards.
3. There are a number of **national programmes**. These are undertaken to ensure delivery across a wide range of areas such as the medical and dental recruitment system and e-learning for health.
4. The expenditure on **workforce development** supports the existing healthcare workforce and includes expenditure on important Mandate deliverables such as dementia training, apprenticeships, widening participation and investment in simulation equipment.

Running costs were underspent by £7.0 million (8.0% of the budget). This underspend was due to two factors, at the start of the year there was some slippage on recruitment to full establishment and towards the end of the year efficiencies have been found in anticipation of further reductions in this funding in future years.

There is also a small amount of other expenditure that is unrelated to our DH programme funding of which the main item is funding from the National Institute for Health Research for Integrated Academic Trainees. The following pie chart shows the relative proportions of our expenditure:

2013-14 Expenditure



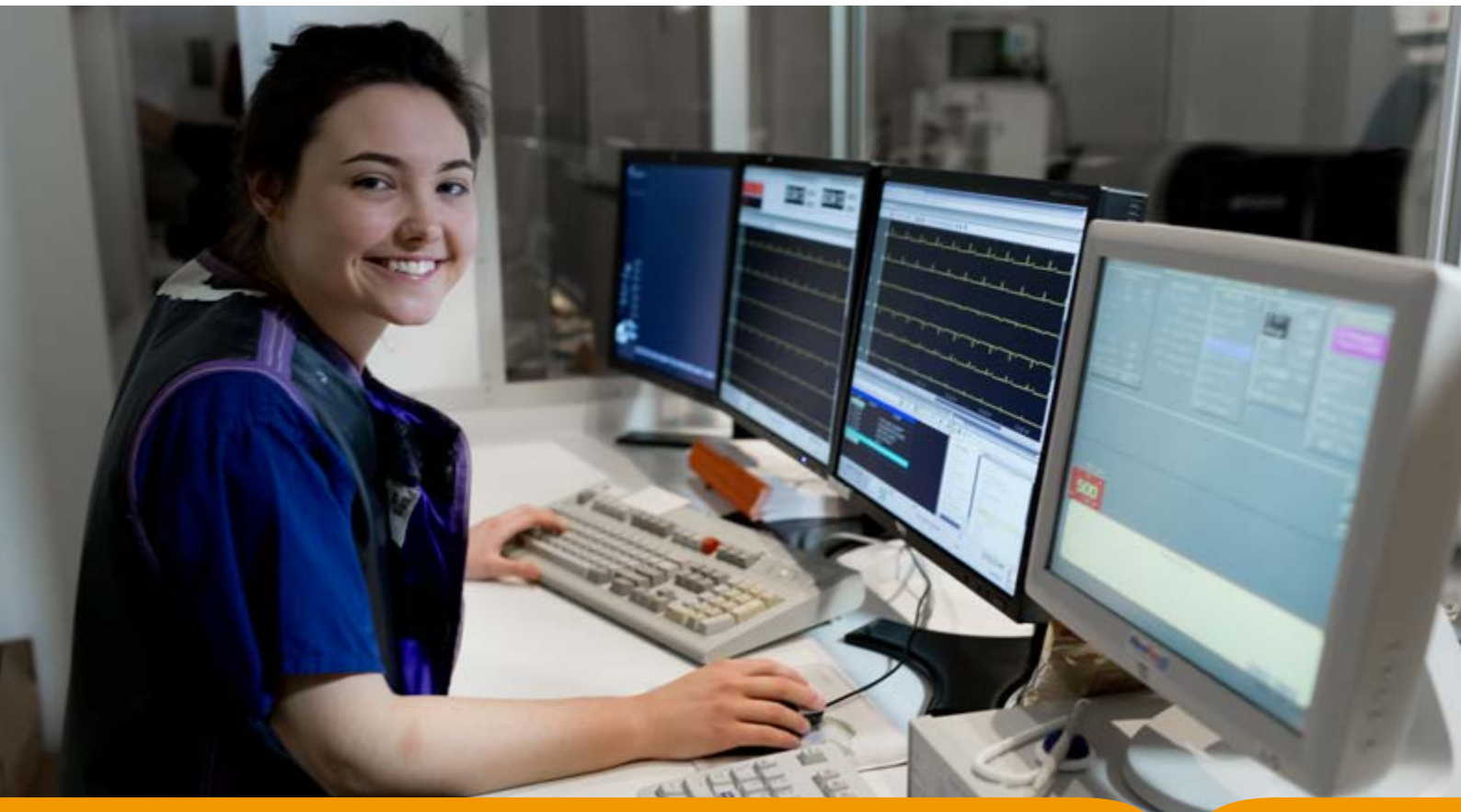
HEE is currently undergoing a review of our functions, structures and processes to ensure that we are delivering our objectives in the most efficient and effective way possible. This work is progressing during 2014/15 with an intention to achieve reductions in our administration spending by April 2015.

Better Payments Practice Code

In addition to staying within our allocation, we are required to comply with the Better Payments Practice Code, which requires 95% of non NHS trade creditors to be paid within 30 days or agreed terms. Health Education England has signed up to the Prompt Payment Code.

Our performance against this target for 2013/14 is as follows:

Measure of compliance				
	2013/14		2012/13	
Non-NHS Payables	number	£000s	number	£000s
Total Non-NHS Trade Invoices Paid in the Year	37,704	1,028,044	702	186
Total Non-NHS Trade Invoices Paid Within Target	35,616	989,201	575	164
Percentage of NHS Trade Invoices Paid Within Target	94.46%	96.22%	81.91%	88.17%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	16,910	3,612,605	0	0
Total NHS Trade Invoices Paid Within Target	16,336	3,577,367	0	0
Percentage of NHS Trade Invoices Paid Within Target	96.61%	99.02%	0.00%	0.00%



Professor Ian Cumming,
OBE, Chief Executive

Annual Accounts 2013/14

Statement of Comprehensive Net Expenditure for year ended 31 March 2014

		2013-14	2013-14 Admin	2013/14 Programme	2012-13
	Note	£000s	£000s	£000s	£000s
Gross employee benefits	7.1	130,422	59,811	70,611	1,119
Other costs	5	4,836,809	22,269	4 ,814,540	1,571
Other Operating revenue	4	(89,732)	(1,773)	(87,959)	0
Net operating costs before interest		**4,877,499**	**80,307**	**4,797,192**	**2,690**
Other gains and (losses)	9	0	0	0	0
Finance costs	10	0	0	0	0
Net operating costs before transfers by absorption		**4,877,499**	**80,307**	**4,797,192**	**2,690**
Net (Gain)/loss on transfers by absorption		(1,466)	0	(1,466)	0
Net operating costs for the year		**4,876,033**	**80,307**	**4,795,726**	**2,690**

There was no other income or expenditure for the year.

Health Education England (HEE) was fully operational from the 1st April 2013, as such the prior year comparator figures included in the financial statements are not directly comparable as they relate to the set up of HEE for the period 28th June to 31st March 2013.

The gain on absorption relates to the transfer of student loan balances from NHS Business Services Authority and an IT asset transfer from the Department of Health.

The notes on pages 101 to 124 form part of this account.

Statement of Financial Position as at 31 March 2014

		31 March 2014	31 March 2013
Non-current assets:	Note	**£000s**	£000s
Property, plant and equipment	11	1,674	0
Intangible assets	12	0	0
Trade and other receivables	15.1	1,872	0
Total non-current assets		**3,546**	**0**
Current assets:			
Trade and other receivables	15.1	36,890	52
Cash and cash equivalents	16	9,490	1,042
Total current assets		46,380	1,094
Total assets		**49,926**	**1,094**
Current liabilities			
Trade and other payables	17	209,266	1,784
Provisions	19	139	0
Other financial liabilities	18	0	0
Total current liabilities		**209,405**	**1,784**
Non-current assets less net current liabilities		**(159,479)**	**(690)**
Non-current liabilities			
Trade and other payables	17	0	0
Provisions	19	0	0
Total non-current liabilities		**0**	**0**
Total Assets Employed:		**(159,479)**	**(690)**
FINANCED BY:			
TAXPAYERS' EQUITY			
General Fund		(159,479)	(690)
Total Taxpayers' Equity:		**(159,479)**	**(690)**

The notes on pages 101 to 124 form part of this account.

The financial statements on pages 97 to 124 were approved by the Board on 6th June 2014 and signed on its behalf by

Chief Executive: Date: 12 June 2014

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2014

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s
Balance at 1 April 2013	**(690)**	**0**	**0**	**(690)**
Changes in taxpayers' equity for 2013-14				
Net operating cost for the year	(4,876,033)	0	0	(4,876,033)
Impairments and reversals	0	0	0	0
Transfers under modified absorption accounting	(45,922)	0	0	(45,922)
Release of reserves to Statement of Comprehensive Net Expenditure	0	0	0	0
Total recognised revenue/(expense) for the year	**(4,922,645)**	**0**	**0**	**(4,922,645)**
Net Parliamentary Funding	**4,763,166**	**0**	**0**	**4,763,166**
Balance at 31 March 2014	**(159,479)**	**0**	**0**	**(159,479)**
Balance at 1 April 2012	**0**	**0**	**0**	**0**
Changes in taxpayers' equity for the year ended 31 March 2013				
Net operating cost for the year	(2,690)	0	0	(2,690)
Net recognised revenue/(expense) for the year	(2,690)	0	0	(2,690)
Net Parliamentary Funding	**2,000**	**0**	**0**	**2,000**
Balance at 31 March 2013	**(690)**	**0**	**0**	**(690)**

The transfer under modified absorption accounting relates to balances transferring from the former Strategic Health Authorities. See note 1.04.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2014

		2013-14	2012-13
	NOTE	£000s	£000s
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(4,877,499)**	(2,690)
Depreciation and Amortisation	11	**1,253**	0
Other non cash movements in Statement of Financial Position items		**(44,745)**	0
Impairments and Reversals		**0**	0
(Increase)/Decrease in Trade and Other Receivables	15.1	**(38,710)**	(52)
Increase/(Decrease) in Trade and Other Payables	17 & 18	**207,435**	1,784
Provisions Utilised	19	**(215)**	0
Provisions Reversed	19	**(582)**	0
Increase/(Decrease) in Provisions	19	**139**	0
Net Cash Inflow/(Outflow) from Operating Activities		**(4,752,924)**	**(958)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) for Property, Plant and Equipment	11	(1,794)	0
(Payments) for Intangible Assets		0	0
Net Cash Inflow/(Outflow) from Investing Activities		**(1,794)**	**0**
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**(4,754,718)**	**(958)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Parliamentary Funding	2.4	4,763,166	2,000
Net Cash Inflow/(Outflow) from Financing Activities		**4,763,166**	**2,000**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**8,448**	**1,042**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		1,042	0
Cash and Cash Equivalents (and Bank Overdraft) at year end	**16**	**9,490**	**1,042**

NOTES TO THE ACCOUNTS

1. Accounting Policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained within the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of HEE for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.01 **HEE** was fully operational from the 1st April 2013, as such the prior year figures for 2012/13 included in the financial statements are not directly comparable as they relate to the set up of HEE for the period 28th June to 31st March 2013.

1.02 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

Going concern

The Secretary of State has directed that Parliamentary funding has been voted to permit the relevant activities to continue, this is sufficient evidence of going concern. As a result 2014/15 funding has been agreed for HEE's activities ensuring adequate funding to meet our liabilities; as such the Board of HEE have prepared these financial statements on a going concern basis.

1.03 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.04 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure (SOCNE), and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury has agreed that a modified absorption approach should be applied. For these transactions only, gains and losses are recognised in reserves rather than the SOCNE.

1.05 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Health Education England's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.05.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the HEE's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.05.2 Attrition within Higher Education Institutes (HEI) contracts

Depending on the contract terms most LETBs pay higher education institutes for tuition costs and adjust retrospectively for attrition from courses. Some contracts have an estimated level of attrition built in and adjust for the actual level, which minimises the uncertainty. The estimates are based on the most recently available validated student activity data.

1.05.3 Quality metrics on HEI contracts

An accrual was made by some LETBs for the quality payment in line with contract terms. This accrual was based on agreed metrics used throughout the financial year to measure each HEI in respect of quality and progress made to reduce attrition. It is based on latest evidence provided by HEI's.

1.05.4 Student Bursary Estimate

Tuition Fees are paid under the NHS Bursary Scheme on behalf of eligible medical and dental students. Each year, HEIs provide details of the number of students who they consider will be eligible. Fees are paid directly to HEIs on submission of an invoice. An accrual is made at the year end to cover those students for whom an invoice has not yet been received.

NHS Business Services Authority administers the payment of a bursary to students. The status and payment award is calculated for each student individually. Due to the timescales involved the NHSBSA payment includes an element of estimation. The estimate is based upon the HEE/NHSBSA calculation of expected expenditure agreed in February 2014.

1.06 Revenue

The main source of funding for Health Education England (HEE) is Parliamentary grant from the Department of Health within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it relates.

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

1.07 Employee Benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time Health Education England commits itself to the retirement, regardless of the method of payment.

1.08 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.09 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to HEE;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value. Land and buildings used for Health Education England's services or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Net Expenditure.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.10 Intangible assets

Recognition
Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of HEE's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, HEE; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset where material, otherwise expensed when incurred. Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement
The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at amortised historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.11 Depreciation, amortisation and impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.
Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which HEE expects to obtain economic benefits or service potential from the asset. This is specific to HEE and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, Health Education England checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit should be taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Impairments are analysed between Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME). This is necessary to comply with Treasury's budgeting guidance. DEL limits are set in the Spending Review and Departments may not exceed the limits that they have been set.AME budgets are set by the Treasury and may be reviewed with departments in the run-up to the Budget. Departments need to monitor AME closely and inform Treasury if they expect AME spending to rise above forecast. Whilst Treasury accepts that in some areas of AME inherent volatility may mean departments do not have the ability to manage the spending within budgets in that financial year, any expected increases in AME require Treasury approval.

1.12 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

HEE as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the HEE's net expenditure.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.
Contingent rentals are recognised as an expense in the period in which they are incurred.
Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

The HEE as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the HEE's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on HEE's net investment outstanding in respect of the leases.
Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.
In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the HEE's cash management.

1.14 Provisions

Provisions are recognised when HEE has a present legal or constructive obligation as a result of a past event, it is probable that HEE will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates of -1.90%, -0.65% and 2.20% for cash flows due in 0-5 years, 5-10 years and over 10 years respectively, in real terms for employee early departure obligations.(2012/13 -1.80%, -1.00% and 2.20% respectively)

A restructuring provision is recognised when HEE has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with ongoing activities of the entity.

1.15 Non-clinical risk pooling

HEE participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which HEE pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.16 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of HEE, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of HEE. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.17 Financial assets

Financial assets are recognised when HEE becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest earned on the financial asset.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the Statement of Comprehensive Net Expenditure on de-recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.

At the end of the reporting period, HEE assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.18 Financial liabilities

Financial liabilities are recognised on the statement of financial position when HEE becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities at fair value through profit and loss
Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in HEE's Statement of Comprehensive Net Expenditure. The net gain or loss incorporates any interest payable on the financial liability.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.19 Taxation

HEE is not liable to pay corporation tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the relevant expenditure heading or capitalised if it relates to an asset.

1.20 Foreign currencies

HEE's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in HEE's Statement of Comprehensive Net Expenditure in the period in which they arise.

1.21 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had HEE not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.22 Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SOCNE on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

1.23 Accounting Standards that have been issued but have not yet been adopted

The Treasury FReM does not require the following Standards and Interpretations to be applied in 2013-14. The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year:

IAS 27 Separate Financial Statements - EU adopted effective date 2014/15
IAS 28 Investments in Associates and Joint Ventures - EU adopted effective date 2014/15
IFRS 9 Financial Instruments - subject to consultation
IFRS 10 Consolidated Financial Statements - EU adopted effective date 2014/15
IFRS 11 Joint Arrangements - EU adopted effective date 2014/15
IFRS 12 Disclosure of Interests in Other Entities - EU adopted effective date 2014/15
IFRS 13 Fair Value Measurement - Not yet adopted by HMT
IPSAS 32 - Service Concession Arrangement - subject to consultation

2 Financial Performance Targets

2.1 Revenue Resource Limit

	2013-14	2012-13
	£000s	£000s
HEE's performance for the year ended 31 March 2014 is as follows		
Net operating cost for the financial year	4,876,033	2,690
Revenue Resource Limit	4,883,853	3,417
Under/(over) spend against Revenue Resource Limit	**7,820**	**727**

2.2 Capital Resource Limit

	2013-14	2012-13
	£000s	£000s
HEE is given a capital resource limit which it is not permitted to exceed.		
Gross capital expenditure	1,841	0
Capital resource limit	2,700	0
Under/(over) spend against Capital Resource Limit	**859**	**0**

2.3 Cash Limit

	2013-14	2012-13
	£000s	£000s
Total charge to Cash Limit	4,720,550	958
Cash Limit	4,885,453	2,000
Under/(Over) spend against Cash Limit	**164,903**	**1,042**

2.4 Reconciliation of Cash Drawings to Parliamentary Funding

	2013-14	2012-13
	£000s	£000s
Total Cash received from DH (Gross)	4,763,790	2,000
Legacy items paid by DH	42,616	0
Less Trade Income from DH	(57,455)	0
Less (plus) movement in DH receivable balances	14,215	0
Parliamentary funding credited to General Fund	**4,763,166**	**2,000**

3 Operating segments

HEE receives funding from the DH for programme and administration purposes. It further asesses its programme expenditure through four categories concerned with the funding and a fifth category non education and training of which the largest component is funding from the National Institute for Health Research to fund integrated academic trainees (£56.7 million).

There are no comparisons with 2012-13 because this was a transition year in which HEE received a small amount of administration funding to set up its operations.

	Future Workforce	Education Support	Workforce Developments	National Activities	Other	Administration	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Funding	4,364,487	110,302	202,868	117,382	1,961	86,853	4,883,853
Income	5,498	3,295	2,650	1,570	74,946	1,773	89,731
Expenditure							
Pay	(9,017)	(52,818)	(1,645)	(4,018)	(3,112)	(58,116)	(128,726)
Non pay	(4,336,590)	(59,742)	(241,818)	(104,750)	(70,173)	(23,965)	(4,837,038)
Surplus/ (deficit)	**24,377**	**1,037**	**(37,944)**	**10,184**	**3,622**	**6,545**	**7,820**

Management do not receive information relating to assets/liabilities by operating segment.

4. Revenue

4.1. Revenue from education and training activities

	2013-14	2013-14 Admin	2013-14 Programme	2012-13
	£000s	£000s	£000s	£000s
CCGs	166	0	166	0
CSUs	38	0	38	0
NHS England	11,038	563	10,475	0
NHS Trusts	1,573	37	1,536	0
NHS Foundation Trusts	9,833	96	9,737	0
Local Authorities	6	0	6	0
Department of Health	57,455	380	57,075	0
NHS other	1,889	0	1,889	0
Non-NHS	7,037	0	7,037	0
Total Revenue from education and training activities	**89,035**	**1,076**	**87,959**	**0**

The above revenue includes £57m National Institute of Health Research funding from the Department of Health.

4.2. Other operating revenue

	2013-14	2013-14 Admin	2013-14 Programme	2012-13
	£000s	£000s	£000s	£000s
Recoveries in respect of employee benefits	0	0	0	0
Other revenue NHS	247	247	0	0
Other revenue Non NHS	450	450	0	0
Total Other Operating Revenue	**697**	**697**	**0**	**0**
Total operating revenue for 2013/14	**89,732**	**1,773**	**87,959**	**0**

5. Operating expenses

	2013-14	2013-14 Admin	2013-14 Programme	2012-13
	£000s	£000s	£000s	£000s
Training & Educational Activities:				
Future Workforce*	**4,321,827**	0	4,321,827	0
Workforce Development	**238,909**	0	238,909	0
Education Support	**45,608**	0	45,608	0
National Programmes	**95,337**	0	95,337	0
Other	**69,464**	0	69,464	0
HEE Chair and Non-executive Directors	**104**	104	0	70
Supplies and services - clinical	**124**	2	122	0
Supplies and services - general	**1,218**	147	1,071	0
Consultancy services	**338**	256	82	0
Establishment	**25,756**	6,272	19,484	386
Transport	**40**	5	35	0
Premises	**33,665**	11,914	21,751	295
Depreciation	**516**	516	0	0
Amortisation	**737**	737	0	0
Provisions arising/(released) during the year	**(443)**	(443)	0	0
Statutory audit fees (NAO)	**200**	200	0	20
Internal audit and assurance services	**189**	175	14	0
Clinical negligence	**0**	0	0	0
Research and development (excluding staff costs)	**0**	0	0	0
Education and Training	**1,606**	1,606	0	0
Other operating expenses	**1,614**	778	836	800
Total Operating expenses (excluding employee benefits)	**4,836,809**	**22,269**	**4,814,540**	**1,571**
Employee benefits				
Employee benefits excluding Board members	**128,998**	58,387	70,611	800
Board members	**1,424**	1,424	0	319
Total employee benefits	**130,422**	**59,811**	**70,611**	**1,119**
Total operating expenses	**4,967,231**	**82,080**	**4,885,151**	**2,690**

*The majority of HEE's expenditure is focused on supporting the workforce for the future. The investment develops the health care professionals of the future. The expenditure includes tuition fees paid to Universities for undergraduate programmes and the related bursary support for the individual students. Undergraduate students must experience clinical settings through placements, so placement fees are paid to clinical service providers. In the postgraduate environment salary and further training support is paid for to ensure relevant trainees can achieve full professional registration.

6. Operating Leases

HEE has entered into leasing arrangements to secure property for conducting the business of training and education and associated administration. All arrangements have been assessed individually and determined to be operating leases with reference to IAS 17.

HEE occupies accomodation under varying agreements. The following note relates to formal leasing arrangements only.

6.1 Health Education England as lessee

				2013-14	2012-13
	Land £000s	Buildings £000s	Other £000s	**Total £000s**	£000s
Payments recognised as an expense					
Minimum lease payments	0	413	80	**493**	0
Contingent rents	0	0	0	**0**	0
Sub-lease payments	0	0	0	**0**	0
Total	**0**	**413**	**80**	**493**	**0**
Payable:					
No later than one year	0	413	58	**471**	0
Between one and five years	0	1,524	85	**1,609**	0
After five years	0	641	0	**641**	0
Total	**0**	**2,578**	**143**	**2,721**	**0**

7. Employee benefits and staff numbers

7.1 Employee benefits

	2013-14			Permanently employed			Other		
	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme
Employee Benefits - Gross Expenditure	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Salaries and wages	113,256	50,453	62,803	67,573	37,043	30,530	45,683	13,410	32,273
Social security costs	5,649	3,097	2,552	5,649	3,097	2,552	0	0	0
Employer Contributions to NHS BSA - Pensions Division	8,137	4,461	3,676	8,137	4,461	3,676	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other post-employment benefits	0	0	0	0	0	0	0	0	0
Other employment benefits	0	0	0	0	0	0	0	0	0
Termination benefits	3,380	1,800	1,580	1,833	1,800	33	1,547	0	1,547
Total employee benefits	**130,422**	**59,811**	**70,611**	**83,192**	**46,401**	**36,791**	**47,230**	**13,410**	**33,820**
Less recoveries in respect of employee benefits (table below)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total - Net Employee Benefits	**130,422**	**59,811**	**70,611**	**83,192**	**46,401**	**36,791**	**47,230**	**13,410**	**33,820**
Employee Benefits 2013-14 - revenue	0	0	0	0	0	0	0	0	0
Salaries and wages	0	0	0	0	0	0	0	0	0
Social Security costs	0	0	0	0	0	0	0	0	0
Employer Contributions to NHS BSA - Pensions Division	0	0	0	0	0	0	0	0	0
Other pension costs	0	0	0	0	0	0	0	0	0
Other Post Employment Benefits	0	0	0	0	0	0	0	0	0
Other Employment Benefits	0	0	0	0	0	0	0	0	0
Termination Benefits	0	0	0	0	0	0	0	0	0
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

	Total	Permanently employed	Other
Gross Employee Benefits & Net expenditure 2012-13	**£000s**	**£000s**	**£000s**
Salaries and wages	1,009	481	528
Social security costs	50	50	0
Employer Contributions to NHS BSA - Pensions Division	60	60	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	0	0	0
Total - Net Employee Benefits	**1,119**	**591**	**528**
Less recoveries in respect of employee benefits	**0**	**0**	**0**
Total - Net Employee Benefits	**1,119**	**591**	**528**

7.2 Staff Numbers

	2013-14			Permanently employed			Other			2012-13
	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme	Total
Average Staff Numbers (Whole Time Equivalent)	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**	**Number**
Medical and dental	243	40	203	154	29	125	89	11	78	0
Ambulance staff	0	0	0	0	0	0	0	0	0	0
Administration and estates	1,985	974	1,011	1,426	834	592	559	140	419	33
Healthcare assistants and other support staff	0	0	0	0	0	0	0	0	0	0
Nursing, midwifery and health visiting staff	0	0	0	0	0	0	0	0	0	0
Nursing, midwifery and health visiting learners	0	0	0	0	0	0	0	0	0	0
Scientific, therapeutic and technical staff	1	0	0	0	0	0	1	0	1	0
Social Care Staff	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
TOTAL	**2,229**	**1,014**	**1,215**	**1,580**	**863**	**717**	**649**	**151**	**498**	**33**

7.3 Staff Sickness absence and ill health retirements

	2013-14
Gross Employee Benefits & Net expenditure 2012-13	**Number**
WTE-Days Available	237,774
WTE-Days Lost to Sickness Absence	5,978
Average Sick Days per WTE	**4.20**

Staff sickness absence is reported for the calendar year 2013.The above data represents 9 months as HEE took on its full responsibilities from 1st April 2013. There were no ill health retirements during 2013/14.

7.4 Exit Packages agreed in 2013-14

	2013-14			2012-13		
Exit package cost band (including any special payment element)	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band	*Number of compulsory redundancies	*Number of other departures agreed	Total number of exit packages by cost band
	Number	Number	Number	Number	Number	Number
Less than £10,000	16	0	16	0	0	0
£10,001-£25,000	16	0	16	0	0	0
£25,001-£50,000	20	0	20	0	0	0
£50,001-£100,000	10	0	10	0	0	0
£100,001 - £150,000	5	0	5	0	0	0
£150,001 - £200,000	3	0	3	0	0	0
>£200,000	1	0	1	0	0	0
Total number of exit packages by type (total cost)	**71**	**0**	**71**	**0**	**0**	**0**
Total resource cost (£s)	**3,379,895**	**0**	**3,379,895**	**0**	**0**	**0**

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Handbook of Terms & Conditions of Service and the NHS Pension Scheme. Exit costs in this note are accounted for in full in the year of departure where there is a legal obligation. Where the organisation has agreed early retirements, the additional costs are met by HEE and not by the NHS Pension Scheme. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the table.
There were no special payments made within exit packages during 2013/14.

7.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a former actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period.This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2014, is based on valuation data as 31 March 2013, updated to 31 March 2014 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public services schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

The next formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

c) Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Price Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to HEE.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

7.6 Severance payments

There were no severance payments made during 2013/14.

8. Better Payment Practice Code

8.1 Measure of compliance

	2013-14	2013-14	2012-13	2012-13
	Number	£000s	Number	£000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	37,704	1,028,044	702	186
Total Non-NHS Trade Invoices Paid Within Target	35,616	989,201	575	164
Percentage of Non-NHS Trade Invoices Paid Within Target	**94.46%**	**96.22%**	**81.91%**	**88.17%**
NHS Payables				
Total NHS Trade Invoices Paid in the Year	16,910	3,612,605	0	0
Total NHS Trade Invoices Paid Within Target	16,336	3,577,367	0	0
Percentage of NHS Trade Invoices Paid Within Target	**96.61%**	**99.02%**	**0.00%**	**0.00%**

The Better Payment Practice Code requires the NHS body to aim to pay 95% of valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

8.2 The Late Payment of Commercial Debts (Interest) Act 1998

No material claims were made against Health Education England relating to this legislation.

9 Other Gains and Losses

There were no other gains and losses in the year.

10 Finance Costs

Health Education England did not incur any finance costs during the year.

11. Property, plant and equipment

	Land	Buildings excluding dwellings	Dwellings	Assets under construction & payments on account	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
2013-14	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Cost or valuation:									
At 1 April 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions of Assets Under Construction	0	0	0	0	0	0	0	0	0
Transfers under Modified Absorption Accounting	0	0	0	0	0	0	349	0	349
Additions Purchased	0	1,222	0	0	0	0	520	99	1,841
At 31 March 2014	**0**	**1,222**	**0**	**0**	**0**	**0**	**869**	**99**	**2,190**
Depreciation At 1 April 2013									
Charged During the Year	0	283	0	0	0	0	207	26	516
At 31 March 2014	**0**	**283**	**0**	**0**	**0**	**0**	**207**	**26**	**516**
Net Book Value at 31 March 2014	**0**	**939**	**0**	**0**	**0**	**0**	**662**	**73**	**1,674**
Purchased	0	939	0	0	0	0	662	73	1,674
Donated	0	0	0	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0	0	0	0
Total at 31 March 2014	0	939	0	0	0	0	662	73	1,674
Asset financing:	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Owned	0	0	0	0	0	0	0	0	0
Total at 31 March 2014	0	939	0	0	0	0	662	73	1,674

During the prior year (2012/13) Health Education England did not hold any Property, Plant and Equipment.

11.1 Economic Lives of Non-Current Assets

	Min Life Years	Max Life Years
Property, Plant and Equipment		
Buildings (exc dwellings)	1	2
Information Technology	1	4
Furniture & Fittings	1	2

12. Intangible non-current assets

	Software internally generated	Software purchased	Licences & trademarks	Patents	Development expenditure	Total
2013-14	£000's	£000s	£000's	£000s	£000's	£000's
At 1 April 2013	**0**	**0**	**0**	**0**	**0**	**0**
Transfers under Modified Absorption Accounting	0	60	0	0	212	272
Transfers under Absorption Accounting	1,976	0	0	0	0	1,976
Additions - purchased	0	0	0	0	0	0
At 31 March 2014	**1,976**	**60**	**0**	**0**	**212**	**2,248**
Amortisation						
At 1 April 2013	0	0	0	0	0	0
Transfers under Absorption Accounting	1,511	0	0	0	0	1,511
Charged during the year	465	60	0	0	212	737
At 31 March 2014	**1,976**	**60**	**0**	**0**	**212**	**2,248**
Net Book Value at 31 March 2014	0	0	0	0	0	0
Net book value at 31 March 2014 comprises:						
Purchased	0	0	0	0	0	0
Donated	0	0	0	0	0	0
Government Granted	0	0	0	0	0	0
Total at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**

During the prior year (2012/13) Health Education England did not hold any intangible non current assets.

13. Other financial commitments

Health Education England invests in training and education of both the current and future health care workforce. Contracts for core education and training require sustained funding over a number of years. Due to the long term nature of Health Education England's core functions the majority of contracts operated by Health Education England were transferred from the Strategic Health Authorities when they were abolished.

Health Education England operates three main contract streams. The education courses provided by the University sector comprised £900million of expenditure. Contracts exist with 94 Universities, each contract operates separately. The contract end points vary and may be many years into the future. The contracts are operated primarily through standard tariff models and vary each year according to student numbers.

Learning and Development Agreements are in place for education placement activities. These agreements are updated annually and are primarily with other NHS bodies.

HEE operates other commercial contracts. During 2013/14, where applicable, it has introduced contracts required by the Government Procurement Service or Cabinet Office. The lifespan of these contracts is determined across wider government.

HEE has entered into non-cancellable contracts for core administrative functions. These comprise of contracts for Financial Services, Human Resources and Payroll Services. In addition HEE has entered into a contract to provide a medical and dental recruitment system. The payments to which HEE is committed in relation to these contracts are as follows:

	31 March 2014	31 March 2013
	£000s	£000s
Not later than one year	**2,192**	2,800
Later than one year and not later than five year	**6,021**	5,817
Later than five years	**98**	819
Total	**8,311**	**9,436**

14. Intra-Government and other balances

	Current receivables	Non-current receivables	Current payables	Non-current payables
	£000s	£000s	£000s	£000s
Balances with other Central Government Bodies	16,616	0	26,764	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	11,816	0	51,692	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	8,458	1,872	130,810	0
At 31 March 2014 prior period:	**36,890**	**1,872**	**209,266**	**0**
Balances with other Central Government Bodies	52	0	725	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	0	0	61	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	0	0	998	0
At 31 March 2013	**52**	**0**	**1,784**	**0**

15.1 Trade and other receivables

	Current		Non-current	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	26,835	0	0	0
NHS prepayments and accrued revenue	359	0	0	0
Non-NHS receivables - revenue	9,220	52	1,872	0
Non-NHS prepayments and accrued revenue	3,561	0	0	0
Provision for the impairment of receivables	(5,263)	0	0	0
VAT	2,135	0	0	0
Other receivables	43	0	0	0
Total	**36,890**	**52**	**1,872**	**0**
Total current and non current	**38,762**	**52**		

The great majority of trade is with NHS bodies and Higher Education Institutes. As these bodies are funded by taxation to provide education and training, no credit scoring of them is considered necessary.

15.2 Receivables past their due date but not impaired

	31 March 2014	31 March 2013
	£000s	£000s
By up to three months	222	0
By three to six months	83	0
By more than six months	0	0
Total	**305**	**0**

15.3 Provision for impairment of receivables

	2014	2013
	£000s	£000s
Balance at 1 April 2013	0	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(5,263)	0
Balance at 31 March 2014	**(5,263)**	**0**

Included in the above is £5,181k relating to provision for student debts that may not be recoverable.

16 Cash and Cash Equivalents

	2014	2013
	£000s	£000s
Opening balance	1,042	0
Net change in year	8,448	1,042
Closing balance	**9,490**	**1,042**
Made up of		
Cash with Government Banking Service	9,490	1,042
Commercial banks	0	0
Cash in hand	0	0
Cash and cash equivalents as in statement of financial position	**9,490**	**1,042**
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	**9,490**	**1,042**

17. Trade and other payables

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000s	£000s	£000s	£000s
NHS payables - revenue	62,154	0	0	0
NHS accruals and deferred revenue	16,708	0	0	0
Non-NHS payables - revenue	58,581	55	0	0
Non-NHS payables - capital	47	0	0	0
Non-NHS accruals and deferred revenue	68,287	1,729	0	0
Social security costs	905	0	0	0
VAT	0	0	0	0
Tax	1,284	0	0	0
Payments received on account	0	0	0	0
Other	1,300	0	0	0
Total	**209,266**	**1,784**	**0**	0
Total payables (current and non-current)	**209,266**	**1,784**		

18. Deferred revenue

	Current		Non-current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	£000s	£000s	£000s	£000s
Opening balance at 1 April 2013				
Deferred revenue addition	124	0	0	0
Transfer of deferred revenue	0	0	0	0
Current deferred Revenue at 31 March 2014	**124**	**0**	**0**	**0**
Total deferred revenue (current and non-current)	124	0		

19. Provisions

	Total	Comprising: Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Other	Redundancy
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2013	0	0	0	0	0	0	0
Arising During the Year	139	0	0	139	0	0	0
Utilised During the Year	(215)	0	0	0	0	(215)	0
Reversed Unused	(582)	0	0	0	0	(582)	0
Unwinding of Discount	0	0	0	0	0	0	0
Change in Discount Rate	0	0	0	0	0	0	0
Transfers under modified absorption accounting	797	0	0	0	0	797	0
Balance at 31 March 2014	**139**	**0**	**0**	**139**	**0**	**0**	**0**

Expected Timing of Cash Flows:	
No Later than One Year	139
Later than One Year and not later than Five Years	0
Later than Five Years	0

Other provisions relate to the transfer of balances from the legacy Strategic Health Authorities. These provisions have been utilised or released as no longer required.

19.1 Contingencies

	31 March 2014	31 March 2013
Contingent liabilities	£000s	£000s
Other - legal cases	2,068	0
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	2,068	0
Contingent Assets	0	0
Net Value of Contingent Assets	0	0

20. Financial Instruments

20.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that HEE has with providers and the way those providers are financed, HEE is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. HEE has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing HEE in undertaking its activities.

HEE's treasury management operations are carried out by the finance department, within parameters defined formally within HEE's standing financial instructions and policies agreed by the Board of Directors. HEE treasury activity is subject to review by HEE's internal auditors.

Currency risk
HEE is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. HEE has limited overseas operations. HEE therefore has low exposure to currency rate fluctuations.

Interest rate risk
HEE is not permitted to borrow funds therefore HEE has low exposure to interest rate fluctuations.

Credit risk
Because the majority of HEE's revenue comes from funds voted by Parliament, HEE has low exposure to credit risk. The maximum exposures as at 31 March 2014 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk
HEE is required to operate within limits set by the Secretary of State for the financial year and draws down funds from the Department of Health as the requirement arises. HEE is not, therefore, exposed to significant liquidity risks.

20.2 Financial Assets	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0	0	0	0
Receivables - NHS	0	27,194	0	27,194
Receivables - non-NHS	0	14,565	0	14,565
Cash at bank and in hand	0	9,490	0	9,490
Other financial assets	0	0	0	0
Total at 31 March 2014	**0**	**51,249**	**0**	**51,249**
Embedded derivatives	0	0	0	0
Receivables - NHS	0	0	0	0
Receivables - non-NHS	0	52	0	52
Cash at bank and in hand	0	1,042	0	1,042
Other financial assets	0	0	0	0
Total at 31 March 2013	**0**	**1,094**	**0**	**1,094**

20.3 Financial Liabilities	At 'fair value through profit and loss'	Other	Total
	£000s	£000s	£000s
Embedded derivatives	0	0	0
NHS payables	0	78,862	78,862
Non-NHS payables	0	126,915	126,915
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2014	**0**	**205,777**	**205,777**
Embedded derivatives	0	0	0
NHS payables	0	0	0
Non-NHS payables	0	1,713	1,713
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2013	**0**	**1,713**	**1,713**

21. Events after the end of the reporting period

There have been no adjusting events after the reporting period. The accounts were authorised for issue on 12th June 2014.

HEE is currently undergoing a review of its functions, structures and processes to ensure that HEE is delivering its objectives in the most efficient and effective way possible. This work is progressing during 2014/15 with an intention to achieve reductions in our administration spending by April 2015. The process may result in a reduction of headcount; the financial consequences relating to this review are currently not quantifiable.

22. Related party transactions

Health Education England is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year Health Education England has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example :

NHS England
Clinical Commissioning Groups
NHS Foundation Trusts
NHS Trusts
NHS Business Services Authority

In addition, Health Education England has had a number of material transactions with other central and local government departments . Most of these transactions have been with Higher Educational Institutes to commission training and development of the healthcare workforce and Department for Business Innovation and Skills that relate to the administration of student loans.

Details of related party transactions with directors are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£	£	£	£
Ann Abraham, Chair, Dorset Healthcare University NHS Foundation Trust	2,860,183	1,500	6,000	0
Mary Elford, Non executive Director, East London NHS Foundation Trust	7,642,315	0	94,203	0
Mary Elford, Council member, Queen Mary University of London	4,879,013	0	253,240	0

23. Losses and special payments

There were no material losses or special payments made in 2013/14.

NHS
Health Education England

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www.hee.nhs.uk

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