Developing people for health and healthcare

Health Education England

(Special Health Authority)

Annual Report and Accounts

2014/15

THE NHS CONSTITUTION
the NHS belongs to us all

NHS
Health Education England

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(Special Health Authority)

Annual Report and Accounts 2014/15

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Foreword

from the Chair and Chief Executive

Professor Ian Cumming, OBE, Chief Executive

Sir Keith Pearson JP DL, Chair

In our second annual report from Health Education England (HEE), we set out the difference a single organisation focussing on the whole workforce can make towards the delivery of a high quality patient-centred NHS.

While we can't predict the future, we know that new technology, pharmaceutical advances and genetic engineering, for example, require us to develop new ways of working with an ageing population that will have more complex co-morbidities, be more aware of their care needs and have growing expectations of what the care system should deliver with them and for them.

With this in mind, much of the work we have delivered over the last year has focused on looking forward some 10 to15 years from now and ensuring we are able to deliver the new models of care that will achieve the greatest patient benefit at scale and pace.

Earlier this year we worked in collaboration with our NHS Arm's Length Body counterparts to shape the Five Year Forward View and set out why the NHS needs to change, what needs to change and how we might get there. While we set out many of the issues already covered in our own Framework 15, the Five Year Forward View really facilitated a common understanding of the challenges ahead whilst recognising the NHS cannot tackle the issues alone. We welcomed the opportunity to play our part in developing a report which has now achieved buy-in across the political divide, setting a positive vision for the future.

We have made huge progress this year in further strengthening the national workforce planning process – something which has been universally welcomed across the service. Our second National Workforce plan was published and this is firmly built upon the needs of local employers, providers, commissioners and other stakeholders who, as members of our Local Education and Training Boards (LETBs), have shaped the thirteen local plans that are the bedrock of this plan for England. HEE rarely works alone and this was no different; the process was truly inclusive, as we sought ongoing advice through our national stakeholders and key professional groups, including the Health Education England Advisory Groups.

We are grateful to Lord Willis for the work he has put into the Shape of Caring Review, which aims to ensure that, throughout their careers, nurses and care assistants receive consistently high quality education and training which supports high quality care over the next 15 years. His recommendations have really brought to the fore the importance of investing in the care workforce, that provides 70% of care and similarly ensuring nurses have ongoing sustainable learning leading to satisfying careers. There is no doubt this review would have stopped in its tracks unless we had the Nursing and Midwifery Council wanting to be part of a future that doesn't just maintain standards but also improves the quality of the workforce – we thank them for their involvement.

The NHS Constitution is part of the DNA of HEE and we continue to bring these values to life through initiatives such as Values Based Recruitment. We firmly believe that trainees and learners can often be the eyes and the ears of care, and along with all healthcare staff, they should be encouraged to speak up and raise concerns when things go wrong. We were proud to launch HEE's Patient Safety Commission to help ensure all healthcare staff and in particular, those in training, are fully aware of all aspects of patient safety, including raising concerns and responding to those concerns.

While a key focus is the development of the future workforce, over the last few months we have been tackling some challenges of the current workforce: our hugely successful Come Back campaign has encouraged 1,300 nurses to sign up to a return to practice course, at just £2,000 per re-trained nurse. We have also delivered training to 359,000 nurses to be dementia aware, plus delivered pre-degree nursing experience pilots to help ensure the NHS recruits not just for skills and academic ability but also for values and behaviours.

We remain passionate about putting the patient voice at the heart of everything we do and this ambition has been realised through establishing our Patient Advisory Forum this year. We believe that by recognising, capturing and utilising the untapped potential of patient experience, expertise and knowledge of both specialised and non-specialised services, across health and social care can only bode well for the quality of any decisions taken. As the Patient Advisory Forum becomes more established, we are confident it can become an instrumental change agent, which will help HEE deliver more innovative and sustainable education, training and Continuing Professional Development (CPD).

We have now concluded our Beyond Transition programme (see page 68) to help ensure HEE is an organisation with a clear vision, purpose and culture delivering greater alignment between the local and the national. The creation of our new senior structure means that issues from LETBs are brought to the executive table, ensuring that local influence becomes a far greater driver of decision making for our national agenda and activity. This period has not been easy for staff and we thank them for their continued hard work throughout these changes. We are confident HEE will emerge from these changes stronger and more united as a single organisation. As we become a Non-Departmental Public Body this will only bring greater stability to the organisation, putting us on a firm footing as the organisation responsible for educating and training the health and healthcare workforce in England now and in the future.

Our staff and the individuals and organisations with whom we work remain the reason we succeed. They are by far the most important part of HEE. We are, as ever, enormously grateful to them.

Sir Keith Pearson Chairman JP DL
Chairman

Professor Ian Cumming OBE
Chief Executive

Strategic Report

Our purpose

Health Education England exists for one paramount reason: to help improve the quality of care patients receive. To do this we spend almost £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 access to world class professionals. HEE also takes responsibility for CPD to help every member of health and healthcare staff develop their expertise and polish their skills throughout their career. HEE is committed to the development of the existing workforce, not solely to creating the future workforce.

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 has been a special health authority since 1 April 2013 but, under the provisions of the Care Act 2014, became an Executive Non-Departmental Public Body (NDPB) on 1 April 2015. This will give us more stability for the future and parity with other key bodies in the healthcare system: the impact of this change is described more fully on page 65.

HEE has five key functions:

- 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, which can mean working with partners to deliver targeted recruitment initiatives, such as Return to Practice - the campaign to bring qualified nurses back into the NHS (see page 17);
- supporting the development and managing the performance of our 13 Local Education and Training Boards (LETBs), committees of the HEE Board that ensure that local decisions, local issues and local conditions are core to commissioning decisions; and
- allocating and accounting for NHS education and training resources and the outcomes achieved.

HEE believes that the education and training of the health and healthcare workforce should be planned and delivered as close to the patient as possible, making best use of public money and, critically, ensuring that patients have the right people with the right skills, values and behaviours in the right place at the right time in the right numbers across the whole country. Overall we are commissioning more education and training than ever before, supporting workforce changes to provide improved services with over 50,000 doctors in training and over 37,000 new training opportunities for nurses, scientists and therapists.

We are a national organisation with a local focus – a single organisation on the national and international stage, led by healthcare providers locally through our LETBs.

Focussed on delivery, we say what we will do, how we will make a difference to patients - and then we deliver on those commitments. From tacking issues in emergency care recruitment to shining a light on the needs of the support workforce and delivering dementia awareness training to thousands of NHS staff, the future will find us building on two years of solid achievement.

Strategic priorities in 2014/15

In June 2014 we published our 15 year Strategic Framework, Framework 15, setting out the five key characteristics of the future workforce based on three key pillars:

- our understanding of the key drivers of change in health and healthcare, based upon a review of international evidence;
- our judgement of the impact that these drivers are likely to have on people and patients of the future, and how this will shape their characteristics and needs; and
- our view of the characteristics of the future workforce that will be needed in order to meet the anticipated needs of people and patients.

We are particularly indebted to our Patient Advisory Forum (PAF) who directed our focus to the needs of the people and patients of the future as the key foundation upon which Framework 15 is built. Our other advisory structures also guided its development.

By using Framework 15 we are able to make decisions in the short-term based on patient need now and in the future, such as the annual workforce planning process and the priorities in our Business Plan, and for our longer-term work programmes, including the Shape of Training Review, developing Shape of Caring, developing support for self-care and piloting life-cycle workforce planning for children and young people. It also enables our Board and the public to assess our actions against our expressed strategic ambitions, and to challenge us if we veer off course, as well as providing the basis for more detailed conversations with our partners and stakeholders about the challenges and opportunities ahead.

Framework 15 provided the inspiration behind the development of the NHS' Five Year Forward View (5YFV), published in October 2014, which sets out the vision for the delivery of health services over the next five years. This was followed by the 'Forward View into Action', describing the approach for national and local organisations to start fulfilling the vision set out in the 5YFV, whilst continuing to deliver the high quality timely care that the people of England expect today. We have worked closely with five Arm's Length Bodies (NHS England, NHS Trust Development Authority, Monitor, Care Quality Commission and Public Health England) to produce aligned planning guidance for the system to ensure that we have common planning assumptions and processes to deliver our shared vision.

To support delivery of Forward View into Action, HEE has established a Workforce Advisory Board (WAB), chaired by HEE with senior membership from across the system. This will focus on the development of a health and care workforce with the skills to support the implementation of new models of care and has replaced HEE's Strategic Advisory Forum. The WAB is initially focusing on additional actions to retain existing staff and attract returners in roles experiencing shortages such as emergency medicine, nursing and GPs, while providing support to challenged economies where workforce shortages are impeding improvement. It is also identifying the flexibilities that will need to be developed in order to deliver new care models, as well as opportunities to reskill the existing workforce and identifying new roles that may need to be commissioned to deliver on the aspirations of the Forward View.

LETBs have engaged with partners in discussing the workforce needs of the Five Year Forward View, using their local mechanisms for consulting with patients and the public. These discussions have served to inform local plans as required by The Forward View into Action, but also helped to shape the priorities for the WAB by identifying priority areas for investment and action to deliver the workforce transformation required by the 5YFV.

Advisory Structures

In early 2014, a design and delivery group was established, co-chaired by HEE's Chairman, Sir Keith Pearson and Mary Elford, Non-Executive Director, HEE, to help design a new Patient Advisory Forum (PAF) to ensure that patient and public voice is at the heart of decision making at HEE.

The group was comprised of key patient and public voice representatives who worked closely with HEE on designing the PAF and in parallel, providing advice to HEE on the development of Framework 15. This advice was instrumental in ensuring that the anticipated needs of 'people and patients of the future' are at the heart of all our strategic planning and processes. This will help us to ensure that we have staff in the right numbers with the right skills, values and behaviours to meet current and future patient needs.

A national recruitment campaign took place over the summer of 2014 to recruit 18 patient and public voice partners to HEE's PAF. The PAF held its inaugural meeting in September 2014 and now has a key role in assuring the future workforce characteristics of Framework 15, including Continued Professional Development for the current workforce.

PAF members are also providing wider in-depth advice outside of the PAF through providing patient and public voice on HEE's Professional Advisory Groups and other key programmes of work. Elizabeth Manero, Patient and Public Voice Partner on the PAF, has worked with Lord Willis on the Shape of Caring Group and Iain Upton and Karl Smith have provided Patient and Public Voice on the Shape of Training, Commission on Education and Training for Patient Safety and Community and Primary Care Nursing Workforce Project.

"I have been part of the Patient Advisory Forum for nine months now and I am very engaged with the HEE workstream taking forward the Transformation of Nursing into Community and Primary Care. The difference I believe I have made in this Community Nursing arena, is offering different perspectives. I had almost no contact with the NHS until 2010 but from then on have lived through an intensive and extensive patient experience. Both those periods of my life give me a view which is not the same as people who have worked within the NHS for many years. This helps in challenging the status quo, simply questioning "Why do it this way?" and particularly for me, throwing in suggestions about values and behaviour rather than focussing entirely on skill and competence. In my experience the ability to demonstrate compassion both in front-line practice and in strategic planning, is paramount, and I have not been backward in saying so."

Iain Upton, PAF member

"During 2014/15 I have been privileged to be part of the growing influence of the PAF and increasing coherence of its developing work. I have represented the PAF on a number of groups including the Shape of Caring Board - a Board of leaders from the nursing profession, tasked with making recommendations on how nurses and healthcare staff are trained in future. As ever, it was difficult to understand a complex agenda at the same time as you are seeking to influence it, especially as the sole lay representative. I was able to help design the team's patient involvement, trying to prevent those engaged facing those same barriers. I was also pleased to have input to the final report and to be successful in suggesting lay involvement in some of the implementation processes."

Elizabeth Manero, PAF member

HEE Advisory Groups

In order to achieve the best outcomes for patients, we need to ensure that the decisions we make are based upon robust evidence, and informed by the experience and expertise that our stakeholders possess. The Advisory Groups are the means by which HEE receives professional expertise and advice and during 2014/15 the 160 stakeholders who are represented on the Health Education England Advisory Groups (HEEAGs) provided rich advice and challenge to HEE on the development of Framework 15 and the annual Workforce Plan for England, as well as more broader professional advice.

In 2014/15 two new advisory groups were established – Public Health and Mental Health - complementing the existing six uni-professional advisory groups.

NHS Careers

With information on the 350 career opportunities in the NHS, NHS Careers is the first port of call for many people wishing to work in the NHS. NHS Careers has been providing support to people across England over the last year with over 20,000 people contacting the helpline and an average of 1.5 million people visiting its websites every month. Over 150,000 young people attended the national Skills Show and Big Bang Fair where we had interactive demonstrations of the many roles in the health service, including healthcare science, nursing and the ambulance service. Young people and teachers were also able to ask questions and get careers advice.

Our schools competition was launched again in September 2014. Over 1,700 young people entered from 73 schools and we will be visiting every winning school in May and June 2015 to celebrate their achievements. A number of schools who entered previously did not enter this year and research is being undertaken with these schools to better understand why before its relaunch in September 2015.

In 2014/15, we have been working on a new website that brings together NHS Careers, Medical Careers and PHORCaST (public health careers). With the health landscape changing dramatically, and health professionals working in local authorities, social enterprises, etc, as well as the NHS, the new website, launching in the summer, will be called Health Careers. This will lead to a rebrand of NHS Careers.

We will also continue to support the priorities of HEE's Workforce Plan, including showcasing the opportunities in primary and community care. Following a review of the national careers services last year, we will now develop a strategic framework to support the delivery of careers information nationally and through our LETBs.

Profesor Ian Cumming (far left) and Sir Keith Pearson (far right) with the national winners of the 2014 Step into the NHS competition: Katie Forbes, Caitlin Wild, Georgia Haigh and Hannah Mutlow (pictured left to right) from High School for Girls, Gloucester.

Planning for the whole NHS workforce

HEE's workforce planning function in 2014/15 was focussed on the 2014 planning round which informs commissions/training programmes beginning in 2015/16. This was the second planning round conducted with HEE as system leader for workforce planning in England.

In 2013 the planning guidance signalled a radical departure from what had gone before, tackling some of the historical systemic barriers to effective workforce planning, establishing the systems and processes to enable decision-making about education commissioning numbers, postgraduate training numbers and investment in professional development for existing staff. HEE pulled together these decisions, providing an opportunity for relative priorities, both local and national, to be assessed across the entire workforce and in the context of wider system and strategic goals. The results of our planning process are published annually in the Workforce Plan for England in December of each year. Our 2013 Workforce Plan for England - for 2014/15 education commissions - was a significant step forward for the system, but recognised that 2013/14 was a year of transition, and that we had to be more ambitious: not to be just more open and transparent about the numbers of staff that we commission, but to start to use our investments to drive the service transformation that future patients will require.

In 2014 our guidance built upon the lessons learnt through reflection on the 2013 planning cycle, feedback from stakeholders (gathered through the HEEAGs, the Patient Advisory Forum (PAF), the Executive, and the Board), and from auditors. This guidance set out clearly the roles and responsibilities of each part of the system, and the milestones to ensure that the local planning processes added up to a coherent and consistent whole. HEE introduced an aspiration for 'confirm and challenge' processes to be undertaken at a local and national level to increase the confidence in submitted forecasts and to develop support for the plan. At the local level, LETBs played back aggregated figures to their Partnership Councils, also known as Local Education and Training Councils, reviewed them with commissioners – clinical commissioning groups and NHS England Area Teams, and engaged with Higher Education Institutes. At the national level, HEE shared demand forecasts, supply models and Investment Plans with HEEAGs, the PAF, Arm's-Length Bodies and professional bodies.

Further refinements to the planning cycle include:

- the 'call for evidence' process was developed to reflect a structure that aligned with our demand and supply intelligence gathering;
- we introduced a new data collection, gathering supply assumptions from LETB modelling.
- we refined the Medical Training Stocktake data collection, clarifying the guidance and template to reduce inconsistencies and misinterpretation;
- the planning cycle templates for collecting information from LETBs were refined, allowing the disaggregation of commissions undertaken by LETBs for themselves and on behalf of others;
- we developed national demand and supply modelling tools and a series of national products to support LETBs and the Executive Team in their decision-making and evaluation;
- we broadened the scope of our analysis to include the healthcare scientists' training programmes established under Modernising Scientific Careers; and
- we tested the LETB plans against HEE's Framework 15 - a reference point for the system and the conceptual framework for how HEE approaches problems and identifies solutions, ensuring our focus remains on the patient.

For more information visit
http://hee.nhs.uk/2014/06/03/framework-15-health-education-england-strategic-framework-2014-29/

Our 2014 Plan (for 2015/16 commissions and training places) was underpinned by three key objectives:

1. To respond to immediate service pressures by supporting employers to address current gaps in priority workforce areas wherever possible. This is not part of our statutory responsibilities, but recognised by our Board and system partners as necessary to protect the patient interest.

2. To maintain and expand the future workforce in priority areas as set out in our Mandate or in response to service concerns.

3. To invest in service transformation through the education and training of our existing workforce and creation of new roles and/or new settings as required by our Mandate and the Five Year Forward View.

In that context, our plan sets out the intention to commission more education and training than ever before, including supporting the system to alleviate current pressures, through activities such as supporting Return to Practice and the introduction of new roles.

The 2015/16 plan was produced and presented to the Board in December 2014. Since then, the planning function has been working on developing guidance for the 2015 planning round, focussing on enabling HEE to make challenging but significant decisions for the future and enhancing the confidence of the system in the planning round outcomes.

Education and quality

Professor Wendy Reid, Director of Education and Quality

> Ensuring patient safety is an essential component of care. As the body responsible for the education, training and personal development of every member of staff, and recruiting for values, Health Education England believes that patient safety should be the number one concern of all who serve patients in the NHS – the first and most important lesson they learn.

Primary Care Workforce Commission

Our independent Primary Care Workforce Commission, chaired by Professor Martin Roland, was established this year to identify models of primary care that meet the future needs of the NHS and our patients.

The Commission's work will identify good examples of integrated, patient-focused out of hospital care to inform future decisions of service commissioners and regulators. Through a literature review, written evidence collection, site visits and panel discussions, it will gather innovative work related to general practice and primary care. This will include looking at new and developing roles that might be supportive of the future GP role and offering patients choice wherever we can. The Commission will publish its report and recommendations in July 2015.

Emergency medicine

We have been working with the Royal College of Emergency Medicine and partners to produce sustainable solutions for the medical workforce within emergency departments, such as increasing the number of trainees and developing other roles to support patient care.

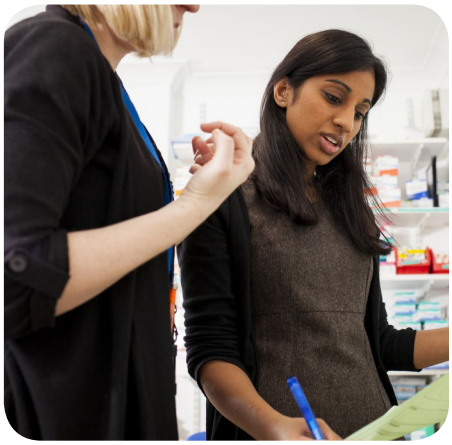
Our emergency medicine workforce implementation group was established to develop alternative workforce interventions, including the development of the Advanced Clinical Practitioner (ACP) role in the emergency department. The group has drafted a curriculum framework, which will encourage greater understanding within the multi-professional teams of the skills and competencies of ACPs. Once finalised, it is expected to be rolled out in summer 2015. We have undertaken work with higher education institutions to increase the number of physician associate training programmes, resulting in an increase in the number of courses and further helping to ease pressure on the system in the future.

Our work to increase the number of trainees has had a positive impact on the training system and we have achieved a 100% fill rate for ST1 acute care common stem (ACCS) emergency medicine trainees starting in 2015. Our 'Work, Learn and Return' programme has successfully placed a number of doctors in Trusts across the North of England. This will continue over the next 12 months placing doctors in the Midlands, the South and London.

A pilot has been launched to collect data on how pharmacist independent prescribers' can work within emergency department teams. This may result in further work to develop education and training pathways on enhanced roles for pharmacists in emergency departments.

Shape of Caring

In March 2015, the final report of the Shape of Caring Review, chaired by Lord Willis and commissioned by HEE in partnership with the Nursing and Midwifery Council, was published. The report sets out a number of recommendations for the future of education and training for registered nurses and care assistants and, in addition to highlighting some of the best practices on the frontline, shines a spotlight on the variations in education and training staff currently receive. The report draws on a number of key issues where we are already engaged in undertaking work, such as Talent for Care, development of a Care Certificate; pre-degree care experience and development of higher apprenticeship routes into pre-registration nursing. HEE will be taking forward a period of engagement and consultation before taking any decision to take forward the recommendations.



Come Back campaign

Following extensive research and engagement with providers around the country we launched the Come Back campaign in September 2014. The cost to train a new nurse is £50,000 but the cost of a short return course is around £2,000 per person. However, there is more to this than just a cost benefit to the NHS – returning nurses also bring a wealth of knowledge and experience to the role which benefits patients and providers. The campaign has seen 1,300 people sign up to nurse return to practice courses across the country to date.

Health visitors

We have trained around 4,500 new health visitors since April 2013 as part of our responsibilities to ensure that enough are in place at the right time and location. To support this growth programme, we also launched a suite of CPD opportunities, led work to improve practice placements and engaged the Institute of Health Visiting to produce a customised Induction and Preceptorship framework to support the newly qualified health visitors.

Pharmacy

We have taken forward the proposals to reform the planning, funding and delivery of pharmacists' education. With the Higher Education Funding Council for England (HEFCE) we have consulted on whether a student intake control is required to ensure a sustainable supply of qualified pharmacists, and are now working with the Department of Health on options for implementing these proposals. This would be based on a five year degree, with integrated work-based learning and clinical teaching across the curriculum, as set out in Modernising Pharmacy Careers (MPC) proposals and the Institute of Education principles for reform.

After an initial pilot, we are supporting the use of a Declaration of Competence system. This enables pharmacy professionals providing community pharmacy services across England to prove to commissioners and employers that they are adequately prepared to deliver a number of services safely.

We have also continued work on the Consultation Skills for Pharmacy Practice programme which helps pharmacists and pharmacy technicians to enhance their communication and consultation skills. Once completed, the work will help ensure that all pharmacists and pharmacy technicians in patient-facing roles play a key part in supporting the medicines optimisation and public health agendas.

Better Training Better Care

Our Better Training Better Care (BTBC) programme aimed to improve the quality of education and training for the benefit of patient care by enabling the delivery of key recommendations from Sir John Temple's Time for Training and Professor John Collins' Foundation for Excellence reports. BTBC has shown positive improvements for patient care and safety, multi-professional team working and the positive impact of empowering doctors in training to implement change.

Workstreams one and two, of the Better Training Better Care (BTBC) programme involved 25 trust and trainee-led pilot projects that aimed to improve the quality of training and learning for the benefit of patient care. Although the programme closed in March 2014, we will continue to share learning and have toolkits to support this, including products, top tips, case studies and business cases. The pilots' positive impact has been recognised with two receiving awards at the 2014 HSJ Value in Healthcare awards.

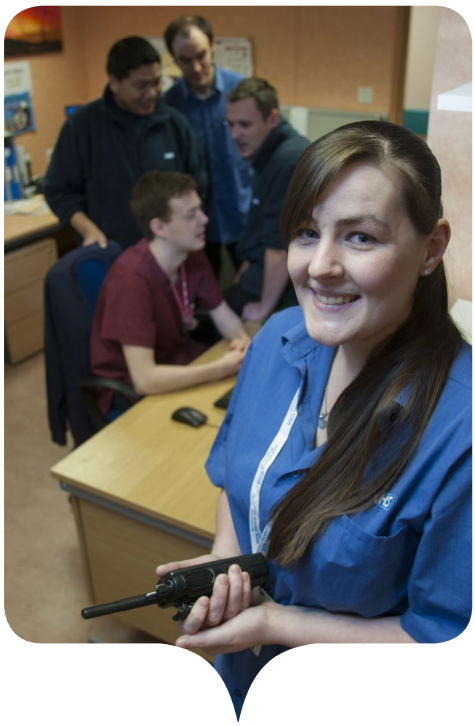
Learning to be safer

Patient safety should be first lesson learnt by all who serve patients.

Learning To Be Safer was established to help ensure those in the NHS are aware, confident, resilient and flexible to deliver care of the highest quality. The Commission on Education and Training for Patient Safety and Human Factors workstreams support these aspects in particular.

The Commission's work includes evaluating education and training interventions that improve patient safety, culminating in recommendations to be put to HEE by the end of 2015. Work has also included launching the 'Raising concerns' film - the first of a series of films seeking to support healthcare staff in raising and responding to concerns.

Human Factors aims to understand the 'fit' between an employee, their equipment and the surrounding environment. The programme team is working with experts, partners, healthcare staff and patients to explore how the practices and principles of human factors can be integrated and embedded across education and training and raise awareness on the importance of human factors for patient safety. This will inform the Commission's report.



General practice

We have been working closely with NHS England, Royal College of GPs and the British Medical Association GPs committee to ensure that we have a skilled, trained and motivated workforce in general practice and wider primary care. In collaboration with these partners, we produced a Ten Point Plan for General Practice which outlined a series of actions to address immediate issues of GP recruitment. We have undertaken initial steps towards this and towards building the workforce for future models of care.

Mental health and learning disabilities

At least one in four people experience a mental health problem at some point in their life. In our role, we know that all health professionals must have an awareness of mental health conditions. With the Department of Health, NHS England, Public Health England and local authorities, we have been working to promote what 'good mental health' looks like. This has included training programmes to help health and care employers ensure that staff are aware of mental health problems, their impact and the actions patients can take to help receive appropriate support.

To support this, through the Improving Access to Psychological Therapies programme, we have exceeded our target to commission 6,000 further training places in Cognitive Behavioural Therapy techniques. This will help ensure that patients are able to access evidence-based talking therapies to help them combat their mental health problems in the future.

It has been widely recognised that people with learning disabilities experience significant health inequalities and HEE is working to develop the learning disability workforce to support future system-wide transformational changes. We have been leading the workforce workstream of the Transforming Care Programme with our partners. The programme aims to deliver a community service model, which will allow people to be cared for in the community, where appropriate, and with greater personalisation and choice. This will be built upon next year, developing the existing and future workforce to deliver effective and safe care across a range of settings.

The Care Certificate

We have worked with Skills for Care and Skills for Health to develop the Care Certificate, as outlined in our Mandate from Government and recommended by the Cavendish Review. The certificate enables health and social care staff to demonstrate the fundamental skills, knowledge and behaviours that are required to provide safe, effective and compassionate care.

Volunteering abroad

Recognising the value of NHS staff taking part in international health projects, we have worked with stakeholders to support other charitable and volunteering activity by health and care workers. This includes producing a volunteer toolkit to enable recognition of this professional development, sharing learning and maximising the benefits to the NHS.

e-Learning for Healthcare

2014/15 has been a busy year for the award winning e-Learning for Healthcare programme team. The programme has launched the new hub, bringing about a more intuitive and accessible way for users to access their learning, and developed and updated many new e-learning programmes, including programmes on female genital mutilation and mental health awareness, safeguarding children, young people and adults and end of life care.

Oriel

In partnership with the devolved nations, we procured and developed the Oriel system to manage recruitment of all UK medical, dental, public health and healthcare science trainees through one single, secure online portal. Whilst the previous recruitment approach relied on over 20 systems across UK, Oriel brought about a major improvement in efficiency and consistency. Over 50,000 applicants now use the system each year.

Performance and development

Our key corporate objectives for 2014/15 are described within the HEE Business Plan, which is available at www.hee.nhs.uk/wp-content/blogs.dir/321/files/2014/05/HEE-Bus-Plan-interactive-final.pdf

Our progress against delivering these commitments is documented and reported to the HEE Board and Department of Health via the quarterly Integrated Performance Report (IPR). The IPR outlines progress against the key objectives contained within the HEE Business Plan and the HEE Mandate. These 163 deliverables are set within the structure of the HEE Business Plan domains of:

- **Domain 1** → Workforce Planning
- **Domain 2** → Health Careers
- **Domain 3** → Education Commissioning
- **Domain 4** → Innovation Through Investment
- **Domain 5** → Corporate Enablers

Each deliverable has a Senior Responsible Owner (SRO) 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 and significant programmes of work is a robust Programme Management approach.

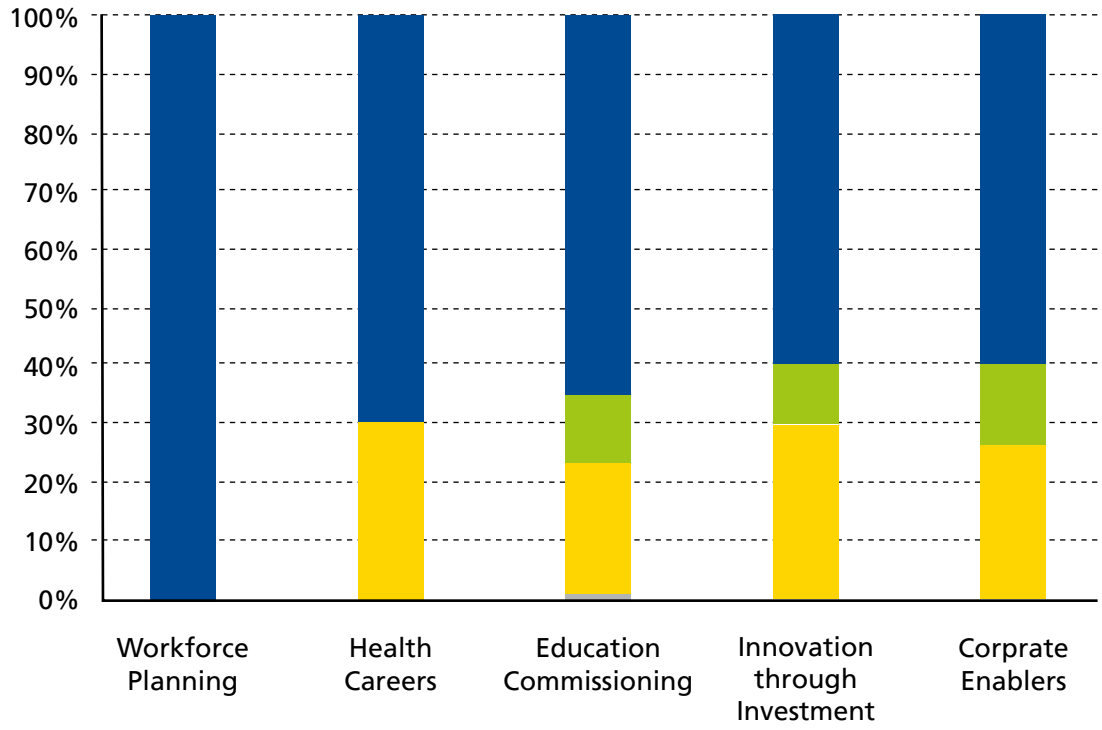
Progress against each of our commitments is rated using a traffic light system (red, amber, green). Green indicates that we have either achieved, or are on track to achieve the objective; amber indicates some risk to delivery and red identifies where there are significant concerns over delivery. All 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; through quarterly and end of year reviews between the HEE leadership and Department of Health (DH) 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 2014/15 is shown here

End of Year RAG status by Domain



Domain	Strategic objective					
1	Workforce Planning	0	0	0	4	0
2	Health Careers	0	5	0	12	0
3	Education Commissioning	0	25	14	72	1
4	Innovation through Investment	0	3	1	6	0
5	Corprate Enablers	0	5	3	12	0
	TOTAL	0	38	18	106	1

Key

- **Not achieved or significant risk of non-delivery**
- **Some progress made; delivery date is likely to slip, or has already slipped**
- **High confidence of delivery by due date**
- **Deliverable achieved; completed**
- **Work in planning stage, or deliverable on hold**

Key highlights from 2014/15 include:

Domain 1: Workforce Planning

All four deliverables for this domain have now been achieved. Whilst there was some slippage on data collections with Health and Social Care Information Centre (HSCIC) and professional bodies, there was considerable progress with this deliverable in this quarter, with data being collected by HSCIC from general practices and NHS contracted independent sector providers to inform the 2015 workforce and investment planning round. Through engagement with stakeholders, HEE is also assured that training numbers for public health specialists and the workforce needed for diagnostic testing are sufficient to meet employer demand.

Domain 2: Health Careers

The team on the national careers helplines continue to exceed their targets. Apprenticeships are expected to meet the 2014/15 target of 12,721. HEE is now 100% compliant for the incorporation of Values Based Recruitment (VBR) into recruitment processes from 1 April 2015. The purpose of HEE's VBR programme is to ensure that we recruit the right workforce not only with the right skills and in the right numbers, but with the right values to support effective team working in delivering excellent patient care and experience. This is the first national framework encompassing all students and trainees on NHS funded courses.

Talent for Care, the first ever national strategic framework for the development of the healthcare support workforce, was formally launched in March 2015. There is more detail on this programme at page 34.

Whilst there is some slippage on developing the new Health Careers website progress continues to be made.

Domain 3: Education Commissioning

The Department of Health, Royal College of GPs and other stakeholders are piloting a diagnosis tool for early diagnosis of dementia and HEE is investigating options for expanding this tool across the whole HEE footprint. The learning outcomes are included in the dementia core knowledge and skills framework. The HEE Dementia Programme Board is liaising with the Council of Deans and Royal Colleges to ensure the relevant learning outcomes within the Dementia Core Knowledge and Skills Framework are included in undergraduate curricula for September 2015.

The most recent validated figures for increasing the workforce for IAPT (improving Access to Psychological Therapies) indicate that the target has been achieved. This is a significant contribution to the mental health agenda.

A working group was formed to consider the recommendations of the Royal College of Surgeons review regarding the impact of the Working Time Directive and work is being planned to look at new ways of working and to analyse the tasks and working time of surgical trainees.

The Care Certificate pilot and evaluation has been completed and this has informed the documentation which is now available on HEE's and partner websites.

The actions from the Return to Practice plans have been delivered; Phase 2 of the Come Back campaign, focusing on regional content, was successfully launched. HEE, NHS England, Royal College of GPs and the British Medical Association have approved the policy as partners in the 10 Point Plan to build the workforce in General Practice.

Early indications are that the numbers of students completing health visitor training are on track to exceed the target for completers. Similarly, HEE is on track to deliver on adult nursing commissions.

Some progress has been made with mental health programmes, but some continue to experience challenge in their delivery. Delivery of the perinatal mental health training for doctors in post-graduate training programme has slipped, for example, as a result of a review of health visitor modules and the need to adapt the programme to include the wider workforce. E-learning modules are being developed, supplemented by an international authority on perinatal mental health and HEE's clinical fellow who has psychiatric expertise. The programme to increase the GP workforce also reported slippage and an action plan has been produced to improve 2015 recruitment, including changes to rules to allow more applicants to progress to Round 2, and a 10-point plan developed in partnership to market GP training to improve future fill rates, supported by independent external evaluations.

The programme of work on Antimicrobial Resistance has also slipped and additional project support, clinical input and funding has been secured to reinforce efforts on this programme.

Domain 4: Innovation through Investment

Of the 10 deliverables being reported against this domain, six are reported as achieved.

The Genomics and Bio-Informatics programme has made significant progress this year in preparing the future workforce and up-skilling the current workforce for this new prevention model of healthcare.

Whilst the programme of work on Beyond Transition with the new geographical directors and the implementation of one HEE to promote best practice has slipped due to other organisational priorities, a system to share evidence, research and innovative practice is being piloted in one team in each of the four geographies, to be rolled out to the rest of the organisation from April 2015. The programme is expected to be delivered in 2015/16.

Domain 5: Corporate Enablers

Twelve of the 20 Corporate Enablers have been reported as achieved, with seven being delivered at Quarter 4.

The research phase for the new HEE website has been completed and interviews have been conducted with stakeholders to ensure the website is based on user need. The technology-led designs are being cascaded for comment to ensure the site is mobile and tablet responsive. The launch date has been revised to summer 2015.

Current levels of staff retention are outside our target, but within the revised tolerances for 2014/15, and it is expected these tolerances will be reduced in 2015/16 to reflect a more stable environment post organisational change.

The draft Organisation Development framework for has been discussed with the Executive Team to be signed off at the Board meeting in July 2015, and a series of staff engagement conversations are scheduled for May 2015 to further develop and embed one HEE values and behaviours.

Performance as one HEE

Since the completion of Beyond Transition we have been establishing the foundations that will enable us to deliver a programme of improvements across HEE, while also dealing with business-as-usual activities around data, systems and reporting. To align our performance reporting we are developing a strategy to shape the future of HEE's information systems and services. The aim of the future strategy is to address how HEE's highly distributed organisation:

- can be a 'productive' organisation; interacting through email, video conferencing and sharing of calendars, documents, irrespective of location or organisational form;
- delivers systems which support key business activities like recruitment, trainee management, commissioning, and helps align business processes across local and national teams; and
- uses information more actively and constructively to underpin all of our decisions and actions, with clear accountability and transparency in everything that we do.

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 key achievements in 2014/15.

North LETBs

- North East
- Yorkshire and the Humber
- North West

Midlands and East LETBs

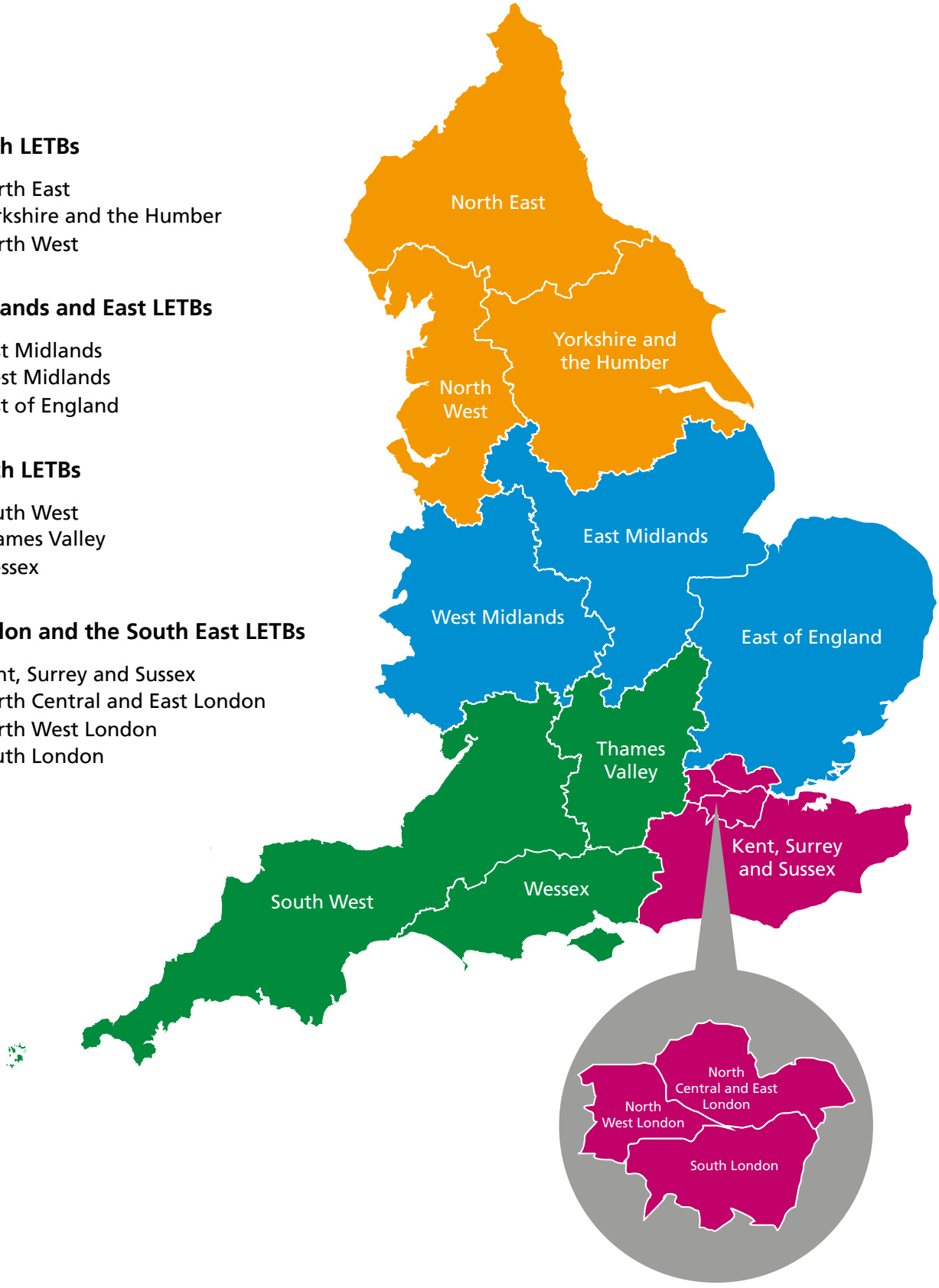
- East Midlands
- West Midlands
- East of England

South LETBs

- South West
- Thames Valley
- Wessex

London and the South East LETBs

- Kent, Surrey and Sussex
- North Central and East London
- North West London
- South London



LETB	Population	Contact	Areas covered
North			
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.
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 Yorkshire and the Humber	5,400,000	Willow Terrace Road University of Leeds Leeds LS2 9JT 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

LETB	Population	Contact	Areas covered
Midlands and East			
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 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

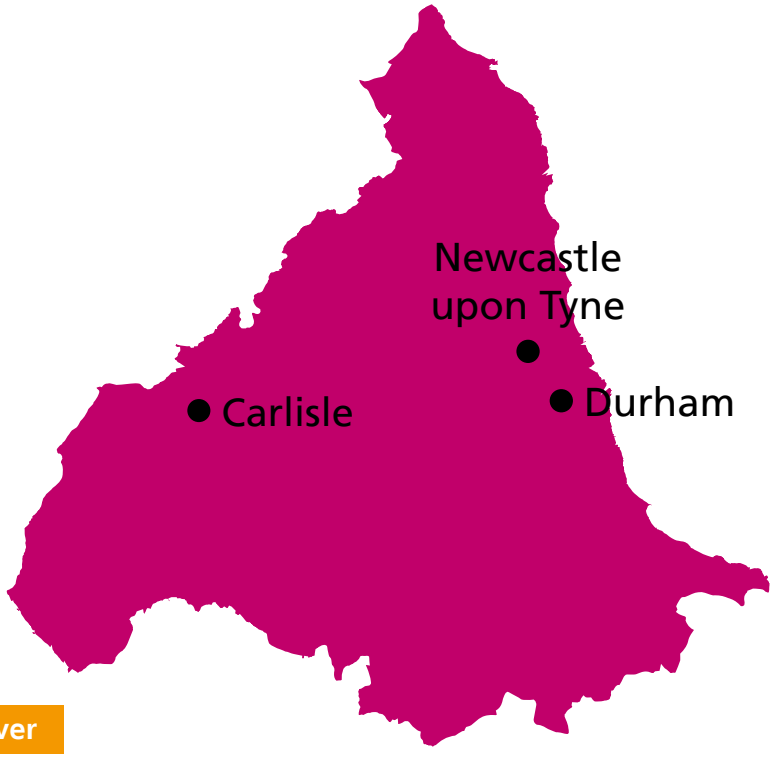
LETB	Population	Contact	Areas covered
London and the South East			
Health Education Kent, Surrey and Sussex	4,000,000	Crawley Hospital 3rd Floor, Red Wing West Green Drive Crawley West Sussex RH11 7DH Phone: 0207 415 3400 Email: heksscommunications@kss.hee.nhs.uk Website: www.kss.hee.nhs.uk Twitter: @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 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

LETB	Population	Contact	Areas covered
South			
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 to the tip of Cornwall and the Scilly Isles
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.
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.

A review of 2014/15 from our LETBs

Health Education North East

Alex Glover:
LETB Director



A message from our LETB Director, Alex Glover

I was delighted to take up the post as LETB director at Health Education North East (HENE) in October 2014 and have the opportunity to take forward some of the great initiatives already being developed in the north east as well as lead the development of new ones. The north east has achieved a great deal in this last year including the development of the national Older Person's Nurse Fellowship, the HENE Simulation Network and the newly created Faculty of Patient Safety.

We continue to face many challenges including the recruitment of trainees into general practice within the north east. However, I am confident that with the continued high levels of engagement from our stakeholders we can work to address these challenges. During 2014 we have developed a GP strategy highlighting a number of great initiatives with the aim of improving the ways in which we continue to provide an appropriately educated and trained workforce for primary care.

The impact our work has on the public and patients of the north east is of great importance and should never be ignored. It is one of the three key themes within our refreshed five year strategy for the north east and something which I am keen to develop further in the coming years. Supported by the HENE Executive Team and our local stakeholders we will continue to ensure patients in the north east and north Cumbria benefit from these positive changes.

Improving training for our radiologists

In November 2014 we opened an excellent new facility for aspiring radiologists. Trainees in this field currently gain their experience in real time on real patients. It is recognised this remains a vital part of the training process and will continue; however this new training suite will give exposure to a full range of scenarios in a controlled setting and can be structured in a way that ensures all elements of the required curriculum are covered.

A true regional collaboration, the suite was funded by HENE, hosted by County Durham and Darlington NHS Foundation Trust and designed by our region's radiologists to ensure our future radiologists receive standardised case-based teaching and training on all aspects of cross-sectional imaging.

As an example, a simulated work list of cases can be created covering lung cancer staging. The registrars work through these cases supported by an experienced trainer. The trainer can lead discussions, trouble-shoot, and if required deliver supplementary didactic teaching to support their learning. The trainer would then be able to go through the cases with all students' present, drawing out learning points and answering any queries in a safe, protected, de-stressed environment. The trainees also benefit from the advantages of peer to peer learning that occurs naturally in a seminar setting.

Overall this will result in better trained, more experienced specialists entering the workforce.

The centre was opened by the President of the Royal College of Radiologists, Dr Giles Maskell who backs the need for this type of initiative.

"We have an urgent need to train more radiologists in the UK. This innovative project is a significant step in the right direction and puts the north east at the forefront of radiology training in this country."

Celebrating our apprentices

To support the Mandate deliverable to increase the number of apprentices by double in 2015/2016, in the north east we are proactively raising awareness of the opportunities available across the NHS in the north east and north Cumbria.

Featuring apprentices working in our trust network, we have produced a short video that shares their amazing stories. #Hiddengems was launched during National Apprenticeship Week and we hope hearing these inspiring stories will encourage others to follow in their footsteps. We are also widening engagement opportunities and working closely with schools in the region to develop 'education packs' to support teachers in raising awareness of these opportunities with their students.

One of our annual highlights is the North East Apprenticeship Awards which recognises the outstanding dedication, hard work and enthusiasm of the apprentices in the region. The event yet again showed the fantastic display of talent we have here in the north east. During the ceremony five nominees were invited to the front to tell their stories which they did with pride and subsequently brought the audience to tears.

Camilla Hornsby, Dental Nurse Apprentice based at Newcastle Dental School, scooped up 'Advanced apprentice of the year' with the 'Intermediate apprentice of the year' going to Joseph Picola, a Clinical Healthcare Support Apprentice from the North East Ambulance Service NHS Foundation Trust.

The apprentice who has made the greatest contribution to patient experience/service delivery was Kira Green who is based at South Tees Hospitals NHS Foundation Trust. Abbey Johnson, from Newcastle Dental School was named the apprentice who has made the greatest progression and the most committed apprentice went to Sean Cook of Gateshead Health NHS Foundation Trust.

Health Education North West

Sally Cheshire:
Chair

Neil McLauchlan:
Acting LETB Director

A message from the Chair and Acting LETB Director

Health Education North West (HENW) has moved a long way since taking on its full responsibilities in April 2013. The enthusiasm and hard work of the LETB team and its service and education partners has produced a very successful first two years on which to build as we move into 2015/16.

The LETB Board and the three Local Workforce and Education Groups (LWEGs) have proved invaluable in identifying local need and determining actions to address the needs of patients and the workforce delivering healthcare for them. The LETB has strengthened its stakeholder links, ensuring that collaboration and partnership working form the basis of our work programme.

We have focused on transformation and innovation to identify and develop sustainable and affordable solutions to the complex issues facing the workforce, across the breadth of health and social care provision.

During 2014/15 the LETB has focused on supporting commissioners, service and education providers to address challenges and improve patient experience, and to work with colleagues system-wide towards further positive change. The year has seen us build a new senior management team, start to integrate our two postgraduate medical education teams, and build strong, effective mechanisms to engage with the wider system in the north west.

Developing the Primary Care Workforce

The HEE Mandate 2014/15 emphasises developing the primary care workforce to support a whole-system approach to complex condition management and prevention.

HENW is working to 'Develop a workforce responsive to changes in care, now and in the future', and investing in the general practice workforce to:

- ensure sufficient supply;
- develop the existing workforce; and
- support education in practice.

HENW established a General Practice Workforce Data Collection which in 2014 provided data for 24% of the Greater Manchester workforce, 35% of the Merseyside workforce and 55% of the Lancashire workforce. This informed local investment in north west general practice workforce development, including:

- CPD allocation to North West CCGs for non-medical staff development in general practice;
- ring-fenced places for Primary Care applications in Assistant Practitioner and Advanced Practitioner programmes;
- an increase in commissioned places in the Community Specialist Practitioner (General Practice Nursing) programme ;
- commissioning a Core Foundation Programme in Practice Nursing; and
- three north west events to promote understanding of different roles and funding streams.

Forerunner projects

HENW has supported its LWEGs to develop local programmes of original transformational and developmental projects. A key principle for supporting each forerunner project was that learning will be shared from individual projects, including tools and resources developed.

Projects supported include:

- educational resources to support working across general practice and primary care;
- a range of urgent and emergency care projects;
- improved paediatric trauma care using targeted onsite simulation;
- long-term condition management in primary care;
- improving patient safety and wellbeing through clinical coaching;
- competency-based nursing training frameworks;
- public health awareness;
- research and development cultures;
- an older people's framework needs assessment training module;
- educational resources to support working with dementia patients; and
- a flexible clinical workforce portfolio.

The March 2015 HENW Stakeholder Forum showcased the forerunner projects, facilitating exchange of ideas and innovations. Presentations, an exhibitor list, and stakeholder feedback can be found at http://nw.hee.nhs.uk/2015/03/06/stakeholder-forum-3rd-march/.

Widening Participation

HENW has led the development of the Widening Participation: It Matters strategy on behalf of HEE. This sets out how HEE plans to support the conditions for securing and developing a representative healthcare workforce, promoting aspirations and encouraging take-up of healthcare careers and employment opportunities by people from under-represented or disadvantaged backgrounds. The strategy, with the Talent for Care Strategic Framework, has been welcomed by stakeholders, and a work programme which includes sharing best practice, research and evaluation, and capacity building through partnership working is now in place.

For further details visit http://nw.hee.nhs.uk/our-work/widening-participation-incubator-project/.

Postgraduate Medical and Dental Education

This year the Postgraduate Medical and Dental section of HENW has focused on bringing together its two former deaneries. This section now oversees postgraduate medical education and training with responsibility for over 7,000 trainees across the north west, and the thousands of named Clinical and Educational Supervisors who support this activity.

The Foundation and all specialty schools are working towards full integration by August 2016; the integrated Foundation School will have over 1700 trainees, making it the largest School in the UK.

Business as usual has produced several highlights, including the North Western Foundation School's success in achieving the Broadening the Foundation Programme targets.

For more information see http://hee.nhs.uk/work-programmes/btbc/broadening-the-foundation-programme/.

Specialty Schools continue to develop to support trainees and trainers. The Mersey School of Pathology recently held a HENW Joint Quality Improvement in Pathology Day. This was the third development day run by the School with the anticipation to continue working closely and in partnership with North West.

Further details and feedback can be viewed at http://www.merseydeanery.nhs.uk/whats-new

Health Education Yorkshire and the Humber

Kathryn Riddle OBE DL:
Chair

Mike Curtis:
LETB Director

A Message from the Chair and LETB Director

Health Education Yorkshire and the Humber (HEYH) is now firmly established as a key partner in transforming NHS services and care. In 2014/15 we continued to deliver high quality education and training for the 16,000 students and trainees on our commissioned programmes. We had a successful five yearly review by the General Medical Council which we are using to strengthen our training further.

During the year, in response to the challenges facing our partners in trusts, clinical commissioning groups and primary care providers and their new models of care, we have put in place transformation programmes in which we bring together medical and non-medical specialists and functions. An example is our five part strategy to address the major General Practice workforce challenges:

1. Enhancing recruitment and retention of GPs and practice nurses.
2. Re-assessing the skill mix required in a GP practice to make sure we are getting the most from the workforce we already have using a tool and process known as the 'Calderdale Framework'.
3. Making possible opportunities to use existing trained staff in a different way e.g. pharmacists.
4. Developing new and enhanced roles including advanced nurse practitioners and physicians associates.
5. Enabling change to happen through high quality placements and use of our innovative GP workforce tool.

Advanced Training Practice Scheme (ATPS)

HEYH is delighted that the Advanced Training Practice Scheme (ATPS) won the Workforce Category at the recent Health Service Journal National Awards. The ATPS now has more than 130 general practices offering 'gold standard' substantive training placements to student nurses.

As a result many more student nurses are choosing general practice nursing as their first career choice and are bring employed straight into practice nurse posts on completion of their training.

HEYH is helping practices generate resilience, promoting a culture of education as the norm in general practice. They have also published a preceptorship best practice guide, have increased mentor capacity and are facilitating practice nurse recruitment through job adverts posted on their Facebook page.

The Shape of Caring Review, March 2015, featured the ATPS as an example of good practice.

Future Leaders Programme

The HEYH Future Leaders Programme gives trainees one year in which they can develop their leadership skills and style through a variety of organised activities.

However a large part of the value of the programme comes from the opportunity to consider the softer leadership skills which are often hard to teach and measure. These require time for the Fellow to be able to reflect on how they behave when under pressure, the impact that their style has on colleagues, the sort of leader that they aspire to be and the culture they want to foster in their organisation.

Whether aspiring to chief executive, clinical or medical director roles, or leading a team or a piece of work, these skills are essential. The Future Leaders Programme creates a safe environment for the fellows to use their projects as a vehicle to develop these skills, and allows the fellows to learn from their own experiences and share the experiences of others.

"Being part of the Future Leaders Programme has provided us with a wealth of opportunities to develop our personal and professional leadership skills, and appreciate how our preferred approaches might impact on other members of the team. However, the main advantages from our perspective are the opportunities to meet and work with colleagues from other specialties who may have very different perspectives on the world and provide different solutions; and being allowed to work on a self-directed project with a recognition that failure is probably a more important tool for learning than success." *Dr James Crick, Future Leadership Fellow*

For more details visit www.yh.hee.nhs.uk
contactus@yh.hee.nhs.uk

eWorkforce Planning

In the past approaches to gathering workforce information were often resource-intensive and varied widely from region to region.

HEYH has developed an innovative and flexible system that has improved process efficiency and information quality. The Yorkshire and Humber "eWorkforce" system has now been rolled out to all LETBs for use nationally for the 2015/16 planning cycle.

The "eWorkforce" system will improve evidence based workforce planning building on local expertise and practice to inform education commissioning investment decisions.

Talent for Care

HEYH held an awards celebration for support staff learning in March 2015. There were inspirational stories of how continued HEYH investment of around £3.6m in support staff learning has made a positive impact on an individual level and in the workplace.

Our highlights in 2014/15:

- 1314 Apprenticeship starts (with 23% in primary care; 31 different frameworks and 50% of apprentices aged under 25);
- 7796 vocational training opportunities accessed;
- all Healthcare Trusts developing action plans outlining organisational commitment to Talent for Care and to Widening Participation strategic intentions of "get in" "get on" and "go further"; and
- regional apprenticeship schemes in healthcare science, clinical skills and pharmacy.

Health Education East Midlands

Kaye Burnett:
Independent Chair

David Farrelly:
LETB Director

A message from our Chair and LETB Director

We're really proud to look back on our year and reflect on how far we have continued to progress. Health Education East Midlands (HEEM) has built on our unique role in bringing together stakeholders from across the health and social care system to focus on the workforce we need for today and tomorrow.

This last year we have further strengthened our stakeholder engagement through developing new workstreams with clinical commissioning groups, NHS England's Area Teams and Local Medical Committees to support the challenges in primary care and general practice. We have brought the health system together through new working arrangements which are proving beneficial in connecting agendas, making sure that we deliver high quality care and value for money.

With our East Midlands partners we have also held the first Programme Leads Network meeting in partnership with the Collaboration for Leadership in Applied Health Research and Care (CLARHC)/Academic Health Science Network, Clinical Senate and Strategic Clinical Networks and Leadership Academy to provide an opportunity to identify good practice and to support programme leads in identifying workforce challenges from transformation programmes and the new Vanguard pilots. This will provide a coordinated resource and expertise in workforce change and education commissioning to deliver new models of care.

This year has also seen significant change in HEEM as we implemented Beyond Transition, and both our Governing Body and our stakeholders are committed to working as one HEE with a passion for quality and innovation as we create a workforce of skilled, confident, compassionate people who are the pillars for delivering transformational change.

Working together for patients and the public

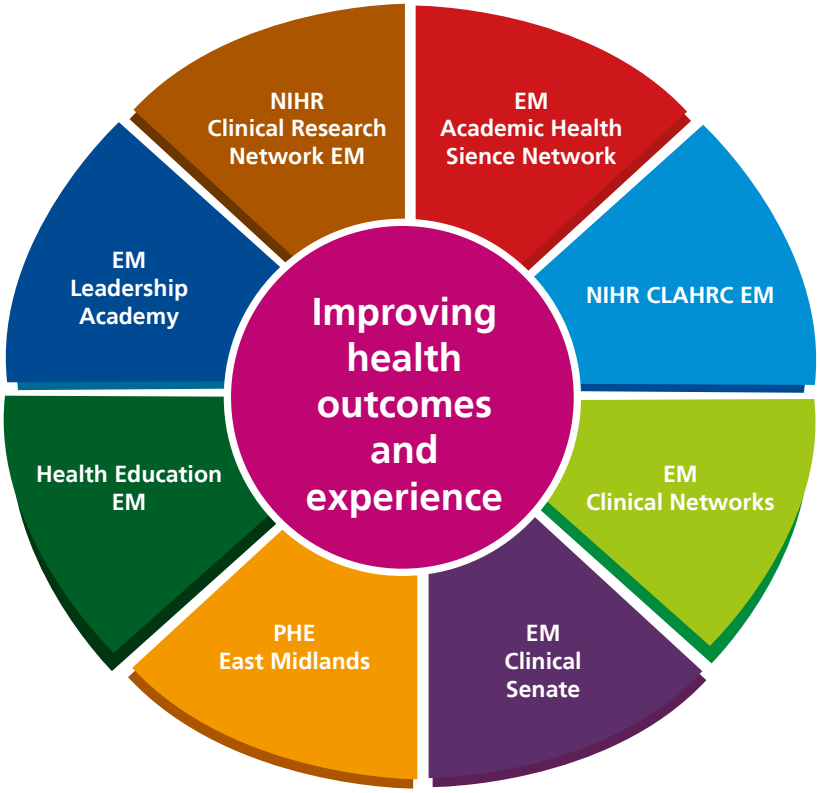
Within the East Midlands there are a number of health organisations with the same region-wide footprint. Our remits are different, but we share a collective aim: to serve the 4,500,000 East Midlands residents, improving health outcomes for patients and the public.

With Academic Health Science Networks (AHSN), CLARHC, Clinical Networks and Senate, Leadership Academy and Public Health England, we have signed a formal partnership agreement to reinforce our commitment to collaboration and to explore all opportunities to share resources, develop joint projects and reduce the risk of duplication. This builds strong foundations for the local implementation of the outcomes from the Smith Review, which aims to ensure organisations work together in a complementary way to have a high impact, provide value for money and to align the work supporting each Unit of Planning's Transformation Programmes in a clear and coordinated way.

The complexity and dynamic nature of the current landscape in healthcare has often led to enquiries about how the roles of the different partners fit together. We have helped to clarify this through a simple web based Partner Wheel that we have developed together.

The Partner Wheel at www.emwheel.org enables people to click on the segments for more information about the role and remit of each organisation and a link through to more detailed information on individual websites.

Feedback from staff in HEEM and other partner organisations has been excellent since the launch in March 2015. The partners are continuing to identify opportunities to develop joint information and engagement campaigns.



Promoting careers in General Practice in the East Midlands

In 2014/15 we were aware that we needed creative solutions to support hospital rotas that require GP trainees. Using our extensive experience in GP recruitment we recognised that some doctors would perform better in the selection process if they had a greater understanding of the NHS.

Reasoning that by employing these doctors to fill our vacancies and providing them with a structured educational offering to improve their understanding of the NHS environment, we could both improve their performance in future selection centres and help them to practice more safely in their current posts.

In a project developed and led by HEEM, the 'Pre-GP' pilot utilised the vacant posts from primary care so work was always within a context where the team were familiar with what doctors need to learn for a career in primary care. The learning was delivered by an educator-led day release system focused on understanding the structure and function of the NHS; professional values; communication and consultation skills; teamwork and team-based care provision; patient safety and quality improvement as well as teaching the doctors how to record and reflect on their learning – an essential requirement for effective appraisal and revalidation.

This small pilot project has built on the experiences of the participants producing some very positive feedback including comments such as:

"This Pre-GP year has given me a good insight into GP training and the working life of a GP. This experience has only made my passion for this great specialty greater than ever and I would definitely recommend it to anyone who is serious about getting into general practice as a future career."

The scheme has shown sufficient promise to be developed further and is being offered again in 2015/16 as 'Preparation for Specialty Training (General Practice)'. More details can be found at http://em.hee.nhs.uk/workforce/pre-gp-year-for-trainee-doctors/

www.em.hee.nhs.uk
hee.eastmidlands@nhs.net

Health Education East of England

Stuart Bloom:
Chair

Caroline Corrigan:
LETB Director

A message from our Chair and LETB Director

It has been another successful year in the east of England, largely thanks to the brilliant work and commitment of our staff. We have used the foundations of a strong first year, building on and strengthening partnerships to deliver improvement, innovation and drive up quality across our area. Through our Workforce Partnerships, we have engaged local Higher Education Institutions, providers and other system leaders to ensure we are investing in the right workforce transformation and commissioning the best education and training. Our focus continues to be providing people who share our NHS values with the right development to give the best possible care to patients.

Highlights


Our Quality Improvement Fellows

- 877 trainee doctors recruited
- 1394 student nurses recruited
- 38,227 NHS staff trained in Dementia Tier 1 by Quarter 3 - 142% of target
- 1609 apprenticeship starters - 100% of target
- Values Based Recruitment successfully implemented across all clinical learning environments
- Leading national Talent for Care programme
- 241 student midwives recruited
- 372 new health visitors – 101% of target.

The Directorate of Education and Quality (DEQ) at Health Education East of England (HEEoE) continues to focus on strengthening quality improvement initiatives through embedding our multi-professional Quality Improvement Framework and the Quality and Performance Reviews of education providers in the east of England, and enhancing working relationships with NHS England and the Care Quality Commission. Our programme for multi-professional Quality Improvement Fellows goes from strength to strength, and the GMC has rated the quality of our dean's reports and trust reports on the GMC National Training Survey as excellent.

The DEQ is developing standards, resources and services for clinical educators in all disciplines in HEEoE. We have worked closely with our education centres to introduce structured service delivery standards to support the introduction of tariff for postgraduate medical education. The professional development of our educational faculty through the provision of bursaries for postgraduate study, the appointment of non-medical clinical tutors, and training programmes for clinical educators such as coaching and mentoring skills and careers support, is producing a significant extension of educational resource at a local level.

HEEoE has also made significant investments to increase access to simulation training on a multi-professional basis, and is well placed to implement regulatory requirements, notably the GMC's Trainer Approval process. The Performance Support Unit for medical trainees has evolved exponentially in 2014/15, seeking to provide excellent support through open, fair and consistent processes, extending the resources available and developing trainers as case managers to support complex case management.

Setting direction for the year ahead

Following the launch of the latest HEE Mandate, Framework 15 and the development of the Five Year Forward View, HEEoE has set our delivery plan (TIPS -Transformation, Investment, Planning and Strategy) for 2015/16 onwards which includes seven key priorities:

- Workforce Supply: Ensuring effective workforce supply, responding to identified risks;
- Primary Care: Support the reconfiguration of primary care at scale by workforce transformation;
- Emergency Care: Improve urgent and emergency care services;
- Frail Elderly/Dementia: Improve care of the frail elderly and people with dementia;
- Values: Transform patient experience through embedding the values of the NHS Constitution in the workforce;
- Bands 1-4: Increase the number of apprenticeships and expand the opportunities for staff in bands 1 to 4; and
- Skills Development: Ensure transferability of skills, cross sector working and focus on patient in skills development.

Talent for Care

Talent for Care is the first ever national strategic framework for the development of the healthcare support workforce, and has been led by the east of England team. Despite having a huge impact on patient care and delivery, those in support roles have traditionally received little investment and input into their development. Formally launched in March 2015 alongside HEE's Widening Participation strategy, Talent for Care is making the most of national drivers such as the HEE Mandate, the Francis Inquiry and Cavendish Review to change the landscape of education, training and investment for the support workforce.

At the heart of Talent for Care are three strategic themes, which emphasise the importance of attracting and recruiting young people, making best use of apprenticeships for new and existing staff, supporting staff to achieve the Care Certificate and nurturing talent and potential.

- Get In: opportunities for people to start their career in a support role – including work to improve work experience, pre-employment and ambassador programmes, and enhance the careers information, advice and guidance available.
- Get On: supporting people to be the best they can be in the job they do – including apprenticeships, the Care Certificate and proposals for a Higher Care Certificate, and a challenge to employers to provide more than mandatory training and annual appraisals for their support staff development.
- Go Further: providing opportunities for career progression, including into registered professions – including a framework to support the progression from Health Care Assistant to Registered Nurse.

The national Talent for Care team are now working with colleagues in LETBs and national organisations to implement the strategic framework, including building a network of champions who have pledged their support and commitment to deliver the ten strategic intentions in their own organisations.

Find out more and sign the pledge at http://eoe.hee.nhs.uk/our-work/1to4/

Health Education West Midlands

Jenni Ord:
Chair

Mandy Shanahan:
Director of Health Education
West Midlands

Our work

Situated at the heart of the country, we are responsible for commissioning the education and training of around 15,000 post graduate medical and non-medical trainees, serving the West Midlands' 5.6 million residents.

We take a regional role in:

- delivering healthcare workforce planning which responds to local priorities and service needs;
- improving the quality of patient care through investment in workforce education and training; and
- building effective healthcare and education delivery partnerships.

We have a provider-led distributed leadership model with wide representation from providers and partners on our Board, four geographical Local Education Training Councils (LETC) and one region-wide Mental Health Institute. We also work in partnership with a social care, independent and voluntary sector advisory group.

The key national priorities we lead on include addressing nursing shortages by focussing on return to practice, developing training standards for healthcare assistants and supporting the national 100,000 Genome programme.

Being the very best we can be

We are proud of our many achievements in 2014/15 including:

come back

come back to your career
come back to care
come back to nursing

- our collaborative approach to workforce planning, engaging providers and commissioners;
- delivering 1,588 apprenticeships which exceeded our national target;
- leading the national Come Back to Nursing campaign which has encouraged 1,300 nurses on to return to practice courses;
- leading the development of the UK's core training curriculum for dentists which will deliver 684 core trainees across the UK;
- delivering medical and non-medical workforce solutions to address supply shortages in emergency medicine, such as developing an advanced clinical practitioner course;
- delivering national and local Leadership programmes, including our inclusive leadership programme which has delivered five cohorts, 16 masterclasses and has included 74 participants and 22 practitioners;

- creating a 'skills bus' which has trained over 1,700 nurses in clinical skills in rural areas to deliver care close to home;
- our public health practitioner (PHP) development scheme which has delivered over 170 PHPs on to our programme, which has included 59 masterclasses across 16 subject areas;
- our bespoke student workbook focused on 'Making every contact count' and our three e-learning tools which have been used by over 12,000 staff in the West Midlands to improve public health;
- our 2014/15 non-medical prescribing 'fast-track pilot study' facilitated the training of 40 pharmacist prescribers during its first phase with a further 51 undergoing training in 2015;
- hosting 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; and
- working with Chinese regional health boards to design and implement general practitioner training to support their substantial healthcare improvement project.

The 'Live and Work' project – Supporting homeless young people

We have supported Sandwell and West Birmingham Hospitals NHS Trust and the Midlands largest youth homelessness charity, St Basil's, in an innovative project to provide living accommodation and an NHS apprenticeship for young homeless people across Birmingham and the Black Country, which has one of the largest youth homeless problems in the country.

This ground-breaking scheme, launched in 2014, is providing 27 homeless young people aged 16-25 from Sandwell and Birmingham somewhere safe and affordable to live as well as employment on site at Sandwell and West Birmingham Hospital.

Our funding has helped to provide a five-week pre-apprenticeship course called the 'RISE' programme, delivered by the Learning Hub at University Hospitals Birmingham, which helps the young people interested in applying for these apprenticeships to build the confidence, self-belief and skills needed for the best chance of success.

Physicians Associates – Promoting the role and realising the benefits

The Physician Associate role is gaining momentum and emerging as a key part of the future multi-disciplinary, multi-skilled, non-doctor workforce in the UK. The profession is often poorly understood by peers and employers and remains relatively unknown to the public. To address this, we have worked collaboratively with our national colleagues, our fellow LETBs, plus regional and national employers, stakeholders and course providers, with the aim of providing a joined-up and robust national training and recruitment strategy.

To help to promote the role and to support national priorities, we have led on the production of a film – 'A day in the life of a Physician Associate' - which was launched in February 2015.

The film aims to provide an objective, accessible and informative insight into the world of the physicians associates (PAs), while also promoting the potential of the role, both as a career pathway and as a key part of the future multi-professional workforce

As a part of our wider activity to support the PA workforce, we have also assisted in the growth of West Midlands course providers - from one in January 2014 to three in 2015 - to ensure that the region has adequate access to this emerging new medical role.

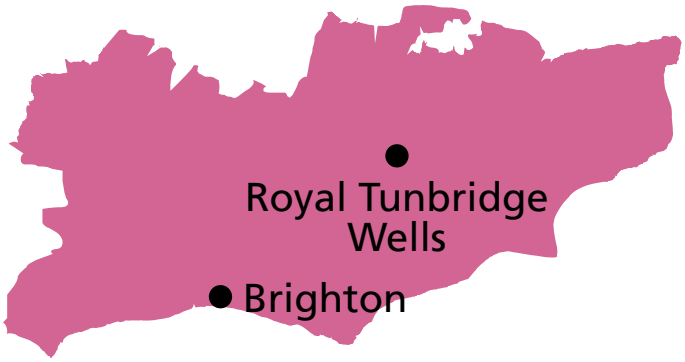
Get in touch with us

Online at wm.hee.nhs.uk | Via Twitter @HealthEd_WMids | Or by email at HEWM@wm.hee.nhs.uk

Health Education Kent, Surrey and Sussex

Mark Devlin:
Chair

Philippa Spicer:
LETB Director



A message from the Chair and LETB Director

The last 12 months have seen great progress as we have delivered the second year of our skills development strategy. This five-year strategy, shaped in partnership with our stakeholders, sets out the education and training interventions required to meet the health needs of our population and to deliver on national priorities and the Mandate for HEE. We have reviewed Five Year Forward View and believe we are well placed to deliver its requirements.

From new approaches to learning about dementia to rotational apprenticeships across health and social care; and from innovative technology enhanced learning to a network of tutors to manage the development of the primary care workforce, our skills development strategy is making a real difference to the knowledge and capability of the current and future workforce.

Throughout the organisational changes over the last year, our staff have remained focused on our priorities and on supporting our health and care partners across the region. We have seen a deepening and strengthening of our relationships with stakeholders, and have this year set up regular workforce summits for each county, involving local authorities and commissioners along with health and care and education providers.

Our achievements are founded on a shared commitment and strong collaborative working across Kent, Surrey and Sussex at all levels with our stakeholders. We appreciate the continued support of chief executives from our provider trusts who engage in our work not only through their collective involvement in our governing body, but also by taking an active individual lead in sponsoring and shaping many of our work programmes. Through effective partnerships, collaboration and innovative approaches to education and training, we and our partners are making a real difference to the knowledge and skills of the workforce across the region and to the health and wellbeing of the people we serve.

"The LETB has provided an invaluable forum for chief executives right across the provider system in Kent, Surrey and Sussex to work together. Without the LETB's facilitation of these discussions and developments we would not have achieved what we have in terms of education, training and innovation within our area. The continued attendance of chief executives at the governing body demonstrates the importance they place on this and their personal involvement with it."

Matthew Kershaw, Chief Executive, Brighton and Sussex University Hospitals NHS Trust

Annual event shares insights and energy of students and trainees

This year, Health Education Kent, Surrey and Sussex (HEKSS) held its second 'Sound of The Student and Trainee Voice' conference. Over 160 students and trainees and those involved in their education and training, attended the event which aimed to capture the unique insights of students and trainees into patient care and how it can be improved through training and education. It was organised following the positive response to the first HEKSS student and trainee conference the previous year.

Plenary and workshop sessions looked at a wide range of issues including developing multi-professional training and education, mentoring, eliminating undermining of learners, and how students and trainees can contribute to quality and safety, including CQC inspections.

A key theme repeated in many of the presentations and workshops and echoed on the busy #StudentVoiceKSS Twitter discussion was the power of 'Ask, Listen, Act'; an approach that underlined many of the successful developments described on the day.

The outcomes and learning from the day are being collated and worked into HEKSS action plans. For more information on the event, visit www.kss.hee.nhs.uk/studentvoice2015.

Innovative approach to improving older people's oral health

This year HEKSS launched an innovative programme to deliver training, resources and online CPD for carers and care home staff to enable them to help residents and recipients of care to manage their oral health better.

Poor oral health is a major problem for older people who need additional care. It is a key factor in quality of life and a contributing factor to many health conditions, including heart disease, diabetes, Parkinson's disease and pneumonia.

The initiative has been developed in partnership with training and education provider Healthcare Learning: Smile-on, the British Dental Health Foundation, local authorities and public health teams, local dental networks and committees and the University of Kent, who are evaluating the programme.

The initiative was launched by health minister Earl Howe who congratulated HEKSS on an important and timely initiative that he believed could be rolled out more widely.

Professor Stephen Lambert-Humble MBE, Dean of Postgraduate Dentistry for Health Education Kent, Surrey and Sussex, said:

"We believe this is the first time so many different health and social care organisations have come together to improve oral health processes for older people. It is a fantastic opportunity to enable those who care for older people to improve their quality of life by managing and improving oral health."

Health Education North, Central and East London

Dame Christine Beasley: Chair

Therese Davis: LETB Director

A message from our Chair and LETB Director

Health Education North Central and East London (HENCEL) continues to focus on delivering excellence in multi-disciplinary education, training and workforce development in response to current and future needs to provide the best possible outcomes for patients.

Again this year we have worked with stakeholders and partners to ensure that our workforce and education plans are in line with the service delivery plans of commissioners and providers in this area so we can be confident they meet the needs of stakeholders and patients. We continue to commission postgraduate training for around 4,500 doctors, as well as clinical placements for undergraduate doctors and 7,000 healthcare professionals.

Collaboration with colleagues across various organisations in North Central and East London (NCEL) has enabled us to deliver and expand important programmes of work in the area. Following a successful first wave of Community Education Provider Network (CEPNs) pilots over the last 12 months, we have supported the set up of a further five CEPNs, so we now have complete coverage across our area. CEPNs support the delivery of a primary and community care workforce capable of meeting the needs of a local population's health and improving clinical outcomes with a person-centred care approach.

In line with the Mandate for HEE, apprenticeship schemes continue to be a key focus for us. We are committed in HENCEL to doubling the number of apprenticeships by March 2016. We have been working with trusts across the area to support apprenticeship schemes to meet this challenge. In addition, we have appointed two apprenticeship leads for our area whose role is to work with employers to support them in expanding their apprenticeship programmes and to deliver against the planned figures.

We would like to thank our colleagues, partners and stakeholders for their valuable contributions and we look forward to the year ahead.

Perinatal Mental Health

Mental health problems affect more than one in ten women during pregnancy and the first year after childbirth, and can have a devastating impact on them and their families. Suicide is one of the leading causes of maternal death in the UK. Early detection and timely intervention can significantly reduce or prevent the lasting effects of perinatal mental health problems on both mother and child.

The Perinatal Mental Health project is a collaborative project between Acute Trusts, Mental Health Trusts and clinical commissioning groups in NCEL and is being coordinated through the London Perinatal Mental Health Network.

The project is developing a programme for perinatal parent-infant mental health training and a model that will be piloted initially across three CCGs which can then be adopted across NCEL.

The idea for the project stemmed from the proposals of three CCGs, which highlighted the following key themes:

- general raising of awareness around perinatal and parent-infant mental health issues in groups of staff and volunteers likely to come into contact with mothers and babies;
- specific, in depth programmes for midwives, GPs, health visitors and practice nurses;
- develop capacity within local communities to improve partnership working in the care of women and their babies with perinatal mental health needs, particularly those with complex needs; and
- design a model of learning and development that will be sustainable, can be replicated and will build capacity and capability within the local health and social care system around perinatal parent-infant mental health care.

Patient Safety and Quality Improvement

Patient safety and quality improvement are central to the work of HEE and the LETBs. In the past year, HENCEL has supported various activities to develop skills and build capacity around patient safety and quality improvement (QI). The projects supported have been either discipline-specific or multi-professional, aimed at healthcare professionals in their early careers and also working with organisation and system leaders.

Overall, a number of initiatives have been supported through close partnerships with a range of stakeholders. These include:

- a guidance document for trusts to help them better support junior doctors and other staff;
- work with medical directors to support the embedding of QI activity in their organisations;
- funded licences for an online QI support programme for junior doctors;
- supported special study modules on QI and leadership at University College London and Queen Mary University of London medical schools;
- patient safety workshops for doctors in postgraduate training;
- £1.4m investment in simulation with emphasis on human factors, patient safety and skills development in the early years of training programmes; all foundation and core training programmes now include simulation;
- funded development of a multi-professional leadership programme incorporating QI;
- funded Quality Improvement capability and capacity building programme for healthcare providers across the area;
- a further investment to establish a QI Academy for all staff groups;
- supported a programme of training activities in QI throughout East London NHS Foundation Trust and Barts Health NHS Trust; and
- appointment of a Darzi fellow working with Higher Education Institutes and trust partners in NCEL to develop skills and build patient safety and QI in pre-registration nursing and midwifery curricula.

Health Education North West London

Marcia Saunders:
Chair

Therese Davis:
LETB Director
(October 2014 to March 2015)

Message from our Chair and LETB Director

The service transformation programme in North West London, Shaping a Healthier Future (SaHF), encompasses our entire health economy and has huge implications for the future. Health Education North West London's (HENWL) core purpose is to serve our patients and public through a transformed, enabled and confident workforce and building a much stronger patient voice into our strategic and decision making processes.

How we invest to meet our strategic aims within the Mandate for HEE is the subject of robust and challenging scrutiny by our Board. Based on an independent review of HENWL we commissioned last year, we continue to emphasise our multidisciplinary and patient-centred approach, the focus on partnership working, stakeholder engagement and fostering innovation, as well as our investment in primary and out of hospital care and our engagement with the whole system service reconfiguration.

The full review is available on our website: http://nwl.hee.nhs.uk/publications/

Developing the healthcare support workforce in North West London – the Care Certificate

Healthcare support workers, such as porters, receptionists, pharmacy technicians, healthcare assistants, therapy assistants and maternity support workers, comprise nearly a third of the total NHS workforce in North West London. They are a key strategic resource and central to delivering quality care and support to local people.

Over the last year HENWL has been working with local employers and other stakeholders to prepare for implementation of the new Care Certificate. Not only have all our trusts been engaged in this work, but we are also working with general practice, hospices and colleagues in social care.

The Care Certificate has provided a unique opportunity to build on existing partnerships. We are proud of the collaborative working and the benefits it has delivered, which include:

- sharing of experience, resources and expertise to ensure all trusts are ready for implementation of the Certificate;
- the creation of a toolkit, co-designed with local employers, to support implementation. The toolkit includes information, advice and guidance on all aspects of implementation including quality assurance and assessment http://nwl.hee.nhs.uk/our-work/support-worker-education-and-training-developments/care-certificate/care-certificate-toolkit/;
- the creation of an innovative e-portfolio for support staff to record their progress through the Certificate's 15 standards and later learning and development; and
- joint working across health and social care. In March 2015 we jointly organised and held a NWL Care Certificate launch event with Skills for Care. 100 participants from over 40 local care and health employers attended.

The three community trusts in North West London are working together with the support of HENWL to jointly deliver Care Certificate training and assessment. This involves new recruits to the trusts learning together through a common programme.

Compassion in Care

The Compassion in Care Project (CCP) aims to promote dignified and compassionate care through appreciative, evidence-based, and relationship-centred methods that focus on making a difference to the lived experience of service users and carers (both paid and unpaid). Using a whole systems approach, the project lead is working directly with frontline staff, in different clinical contexts, that promote the 6Cs (care, compassion, competence, communication, courage and commitment).

Key Achievements:

- Appointments of a Trust Compassion in Care Co-ordinator and an academic advisor from City University.
- Four pilots across four sites to increase staff awareness of the 6Cs in practice.
- Developed 50 named Compassion in Care Champions (CCCs).
- A Compassion in Care Compass Model for Central London Community Healthcare NHS Trust (CLCH) has been adopted.
- Research being undertaken to develop an evidence-based outcome framework, to measure relationship-centred compassionate care by the Picker Institute and City University.
- A Compassion in Care development programme is now being taken forward across the Trust.

Projects taken forward included:

- working with staff and residents in care homes on feeding and the Namaste model of care;
- a review of record keeping and care planning in the 0-19 Children and Young People's Service;
- reviewing new birth visit;
- implementing, developing and improving activities, facilities and services at the Pembridge Palliative Care Day for staff, patients, relatives and carers;
- implementation of an online school health service for young people;
- a 6Cs educational programme;
- the development of registered nurses top ten competencies and transforming patient and staff experience on the rehabilitation unit;
- working with healthcare services at HMP Wormwood Scrubs; and
- drafting an Organisational Compassionate Leadership framework.

The CLCH Compassion in Care Compass Model however draws on extensive research which highlights the importance of positive relationships in quality of life, quality of care and quality of management. By focusing appreciatively on 'what people want' and 'what works', staff are more likely to want to engage in change projects.

The model embodies transformational leadership which recognises that there are natural leaders at all levels throughout an organisation.

The project highlighted further areas of development that are needed in relation to measuring outcomes on compassion in care as, for example, often the tools used were not sensitive or user friendly making it difficult to demonstrate effectiveness in limited time scales, with staff often too busy to gather additional data for research purposes. We are now working to address these challenges.

Health Education South London

Richard Sumray MBE:
Chair

Aurea Jones:
LETB Director

A message from our Chair and LETB Director

We've had another busy year in south London working with our stakeholders and have had some great successes in 2014/15 including training 450 GPs; agreement of a further increase in nurse education commissions for September 2015; training 670 health champions in community pharmacies; and offering 20 registered nurses the opportunity to train as practice nurses. We continue to have strong stakeholder engagement with our Board, the membership of which has been updated as tenures have come to an end. Our Membership Council which we hold jointly with the south London Academic Health Science Network (Health Innovation Network) continues to thrive, with interactive sessions that shape our work and showcase how the work of both organisations complements each other.

Among our priorities for 2014/15 was the core business of recruiting over 1,000 postgraduate medical trainees and commissioning 1,800 nursing, midwifery and allied health professional training places. We began work with employers to reduce nurse turnover and develop further community and integrated care training posts.

As we prepare for 2015/16 we will be working with stakeholders to understand and plan for the education and training implications of the Five Year Forward View, the report of the London Health Commission, the National Workforce Plan and the Shape of Caring report. We will build on the strong relationships we have developed with the other three LETBs in London and South East, local employers and NHS England to ensure the healthcare workforce is at the forefront of these changes.

Community Education Provider Networks: focus on Wandsworth

Our Community Education Provider Network (CEPN) programme is progressing well and we have recently realised our ambition to develop a CEPN in each of the 12 boroughs of south London.

CEPNs are collaborative networks of education and service providers. Aligned by geography, members of the network work together to educate and train the current and future workforce to support the delivery of population health outcomes.

To highlight some of the achievements of our CEPNs we are focusing here on Wandsworth CEPN which developed from an existing GP federation and was part of the pilot.

Building the network

Initially an extensive stakeholder engagement exercise was undertaken by the CEPN to promote the network and encourage joint working between GP practices. A GP survey was carried out to compile information on demographics, training needs and objectives to really understand the population health and workforce needs of the area.

Developing practice nurses

A particular issue identified by the CEPN was a lack of practice nurses, mentors and supervisors. Health Education South London (HESL) developed a General Practice Nurse Training project through which seven nurses have been placed into practices in Wandsworth whilst they undertake training to become practice nurses. Wandsworth CEPN has identified seven practice nurses to undertake supervisor training and 15 staff from different disciplines including practice managers, nurses and GPs have completed the HEE Mentorship Course.

Partnership working

Wandsworth CEPN has been expanding its network and has been collaborating with several partner organisations in the local area, including:

- Health Innovation Network - an education programme was offered to GPs to enhance their skills in musculoskeletal care. This programme was oversubscribed and there is a waiting list for the next session;
- Wandsworth Clinical Commissioning Group - to identify a suite of training programmes to support staff to tackle local health needs;
- St George's, University of London - to identify community placements for the 2014/15 intake of the Physicians Associates Programme and to trial cross-specialty placements between General Practice and Ophthalmology trainees; and
- supporting the development of other CEPNs in Richmond, Croydon and Merton.

The CEPN model is being taken forward by the four LETBs in London and South East and a steering group has been established to develop a collaborative approach to development across the region. During the year ahead this group will work together, with the CEPNs, to develop a sustainable funding model for the future.

Developing placement provision

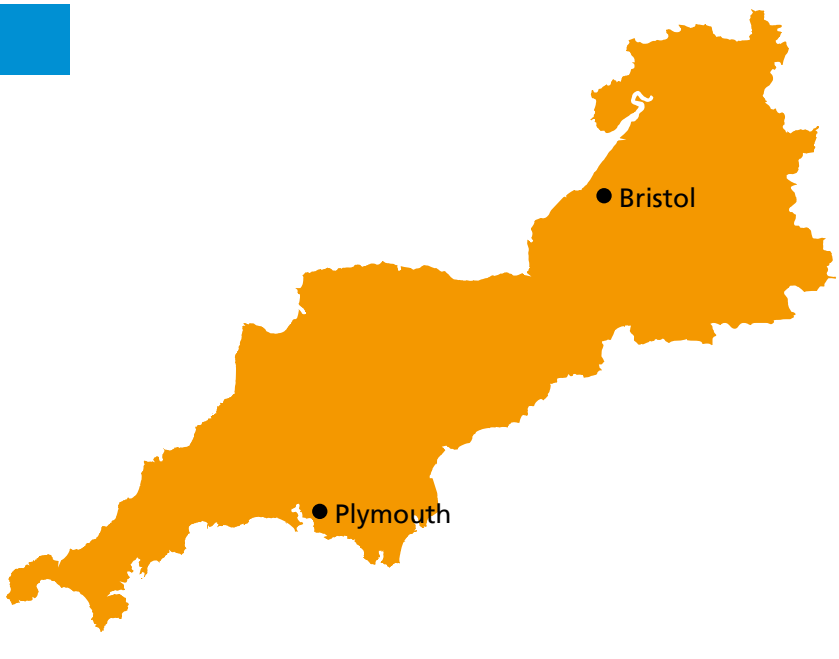
As more care will be provided out of hospital settings, we have been preparing for the future by developing more community placements in south London. We have commissioned 10 new posts in the Foundation Programme in south London which will allow 30 more Foundation doctors per year to primarily spend their time working in community placements. Working with our Higher Education Institutions and CEPNs, we have been developing placements in general practice for pre-registration nursing students.

To support these placements we developed a set of standards for assuring the quality of practice placements and an aligned multi-professional methodology to monitor and assure their achievement. The standards were developed through an extensive engagement process with stakeholders including educators, service providers, regulators, students, Royal Colleges and other LETBs. Models for monitoring achievement of the standards have been tested and work is underway to align processes across different professions and LETBs in London and South East. The standards are in line with the recommendations in Raising the Bar, the Shape of Caring Review report.

Health Education South West

Jane Barrie OBE DL:
Chair

Derek Sprague:
LETB Director



A message from the Chair and LETB Director

Our second year has been one of realignment, focussing on one HEE and strengthening the vital links with our provider and commissioner members, who inform our business and ensure that education resources are at the heart of improved service delivery.

Some of our successes include:

- introducing a multi-professional community and primary care workforce development programme. This will provide a common foundation programme and condition-specific learning, as well as provision for professional and system leadership development, which we will agree each year with our stakeholders;
- launching the broad-based training programme for trainees who are given experience of Paediatrics, General Practice and Psychiatry. This new specialty has received exceptionally high satisfaction results in the 2014 GMC trainee survey and, as a result, is being rolled out across the whole of the Health Education South West (HESW) footprint in 2015 and will support expansion in hard-to-recruit programmes;
- working with our two Academic Health Science networks in supporting stakeholder led patient safety initiatives; and
- providing over £1m to support 19 locally-derived innovation projects across the south west. These include activity around integration, patient engagement and care as well as some around making better use of technology. We were very pleased that so many were a result of collaboration between health, social care, hospice or education providers.

We are also proud to report that we have concluded our leadership as the lead LETB for dementia education, working with our fellow LETBs, and already achieved one of the key Mandate requirements for this year. With the year-end data still to come in, we can report that we have already exceeded the 2014/15 target of 359,000 with over 430,000 healthcare staff now trained in dementia awareness. We thank our team for leading this work and the fantastic achievement across the country.

Developing simulation and human factors training and education

Over the last year HESW has decided to invest over £1.8m in developing simulation and human factors training. Of that sum, £500,000 was directed to the Universities of the West of England and Exeter to invest in state-of-the-art radiography equipment for the use of trainees and developing qualified radiography staff. The remaining funds have been used to support the establishment of 14 multi-disciplinary simulation/human factors clinical fellowships across the south west. The fellowships were selected through a competitive process and will include activity around preventing 'never events'; improving multi-professional responses to deteriorating patients; and training in translating non-technical skills in a mental health or learning disability context.

We will use this to build on our patient safety work with the Academic Health Science Networks and are delighted with the enthusiasm and quality of the projects supported to date.

Return to Practice

HESW has increased education commissions for the supply of adult nurses by almost 50% since the LETB came into being, with increases being made in both 2013/14 and 2014/15.

Additional supply is being provided through a mixture of increased widening access routes and a new Return to Practice contract. The new employer-led Return to Practice contract was launched in the South West in July 2014 in partnership with service and education providers to augment supply of an important part of the clinical workforce.

Elements of this new South West model have influenced the national Return to Practice agenda. Two of the annual three cohorts have been delivered this year providing 105 places, with more expected in 2015/16. The new model has attracted interest from parts of the healthcare sector who have previously not considered taking Return to Practice returnees, for example, schools, GPs and private providers. We will be reviewing and evaluating the new model through regular contact with the education providers, an employer event and from statistics collected six months after each cohort has completed.

Health Education Thames Valley

Professor John Caldwell: Chair

Pauline Brown: LETB Director

A message from our Chair and LETB Director

We both took up our roles in mid-2014 and have endeavoured to maintain the strong leadership of Heath Education Thames Vallley (HETV), supported by an experienced senior leadership team which is dedicated to multi-professional and integrated working.

The Thames Valley remains an attractive place to live, work and train across all professions, thanks to our commissioning of high quality programmes, supportive approaches to learning and our priority given to enabling the learner voice.

This year we hosted a successful GMC Regional Visit, which recognised our excellent approach to high quality medical training, particularly our use of lay representatives and our involvement of the trainees themselves through our Trainee Advisory Committee.

As always, partnership working with our stakeholders is key to enabling progress against our Local Delivery Plan. Through our Board and Partnership Council, we continue to build strong relationships across the local health and care economy and with educational providers.

HETV investment has led to many successful projects, particularly those delivering on integrated care and transformation of services, together with a wide range of development activity for the existing workforce. We are proud of our record of developing our own staff and creating a culture at HETV which supports excellence. Our achievement of Investors in People status is a platform upon which we will continue to build.

Looking ahead to the coming year, we look forward to working with our partners to begin to address the challenges of true workforce transformation as described within the Five Year Forward View, together with the outcomes of the Shape of Training and Shape of Caring reviews.

SimBulance – Simulation training goes mobile for South Central Ambulance Service

South Central Ambulance Service NHS Foundation Trust (SCAS) has used a £128,000 investment by HETV to support the SimBulance, a first-of-its-kind simulated training vehicle.

The SimBulance has been developed in response to the specific needs of SCAS's diverse workforce, working across a wide geographical area from Milton Keynes in the north, to Portsmouth in the south.

Staff need regular skills updates such as advanced airway care, obstetrics and resuscitation, all of which lend themselves to the use of clinical simulation training techniques.

The SimBulance brings together the latest developments in simulation technology with a mobile means of delivery, suited to the training needs of staff. Paramedics, ambulance nurses and doctors have been using the SimBulance to work together in life-like, multi-professional training sessions to practise their skills.
A converted mobile command unit, the vehicle is designed just as a real emergency ambulance is, with all the associated equipment and ergonomics, including the very latest computerised manikins which breathe, talk, and even take in drugs and fluids, adding to the realism of simulated life-saving events.

The entire training scenario can be controlled, from specific skills sessions such as resuscitation, through to more complex critical events working with multi-agency partners, in a life-like, but safe and controlled environment.

A live-feed can be linked to a classroom for peer review and team debrief. External cameras with night vision capability take the simulation to another level and help with the post-event learning and debrief. Further benefits of the mobile unit have been realised by using the vehicle at visits, recruitment fairs, student visits and demonstrations.

Other regions have now begun to follow the HETV and SCAS lead and it is hoped to share the learning from this innovative approach to training.

Huge progress made increasing dementia awareness across the Thames Valley

By working closely with local NHS providers, HETV has made huge progress in delivering dementia awareness training to staff across the Thames Valley, supporting the National Dementia Strategy and responding to the Prime Minister's Dementia Challenge.

Ambitious targets were set for the region and already, by the end of December, 14,351 staff had been trained to Tier 1 Awareness standards, already exceeding the end of year target and coming close to attaining the aspirational target of 15,000 for the region.

Critical to the success has been the establishment of a Dementia Leads Network across all providers, together with utilising existing networks and partnerships such as the Strategic Clinical Network.

The establishment of HETV's Dementia Academic Action Group has led to a comprehensive scoping report on dementia training provision across the region, identifying good practice, which has helped to implement the core competency framework and deliver high quality training for great quality care.

The report is available at: http://thamesvalley.hee.nhs.uk/files/2015/01/HETV-DAAG-Awareness-Training-Review-Ph1-report.pdf

HETV's priority on Dementia was reflected by its own staff, who have selected it as an area of focus. Nearly every member of HETV staff has now undertaken training and is an accredited Dementia Friend. Taking this further, staff selected the Oxford Daybreak Centre, a dementia respite centre, as its charity of choice, working to raise funds and hold events during Christmas and Easter with users of the centre.

Health Education Wessex

Jacqueline Swift DL:
Chair

Ruth Monger:
LETB Director

A message from our Chair and LETB Director

Health Education Wessex (HEW) covers Hampshire, Isle of Wight, Dorset and South Wiltshire. We also provide medical training for the States of Jersey and medical appraisal services for Jersey and Guernsey.

Our vision is to lead world class patient care through excellent education and training, realising the potential of our current and future workforce to meet service need.

HEW's second year has been characterised by a focus on workforce innovation and transformation. This was highlighted during our vibrant annual partnership conference and Shine Awards, which recognised excellence in education and training for the NHS. It was particularly satisfying to reward and help spread excellent practice; from recognising our Inspiring Educators and Wonderful Workforce Solutions to Hearing the Patient Voice in Education and Training. Sharing good practice can be as complex as developing good practice in the first place and we are delighted at the number of connections that were made as a result of this work.

Building up skills and expertise in the NHS workforce to enable people to transform services has been a focus of the School of Quality Improvement. Launched in 2013, the School is beginning to make a notable difference in building quality improvement expertise, quickly, among leaders.

Our work in piloting the Care Certificate has been strong with excellent partnership work with NHS, hospices and local authorities. Our work in Values Based Recruitment continues at pace as we support the roll out to mentors and supervisors. We honoured our commitment to involve all our stakeholders in improving the quality of our education and training through a new initiative to "Hear the Learner Voice".

As we look forward to the coming year, we are pleased to be supporting the three Vanguard projects across Wessex. All of these will require expertise in education, workforce learning and development in order to deliver the integrated health and social care projects.

Fact file

- 61,518 staff working in the NHS and primary care.
- 13 NHS Trusts (including the two ambulance trusts in our area).
- 333 GP practices.
- 2,360 postgraduate medical training posts.
- Around 4,000 students on programmes leading to non-medical registered professions.
- 700 adult nurse training places commissioned this year – a further increase of 7% from 2013/14.
- We surpassed our national apprenticeship target of 531.
- Plus we provide learning beyond registration, leadership development for the workforce at all levels and provision for foundation degrees and Qualifications and Credit Framework (QCF) modules.
- National medical recruitment lead for Cardiothoracic Surgery and Paediatric Cardiology.

Action on Community Education and Training Project (AvOCET) takes decisive action

The Action on Community Education and Training Project (AvOCET) is one of the Better Care initiatives aimed at developing the non-medical workforce – clinical and non-clinical roles – for primary and community care. It is a joint project across the clinical commissioning groups, community trusts, GPs and local authorities working in Portsmouth, Fareham, Gosport and South Eastern Hampshire. This is an intensely practical workforce development project which has been driven by patient need.

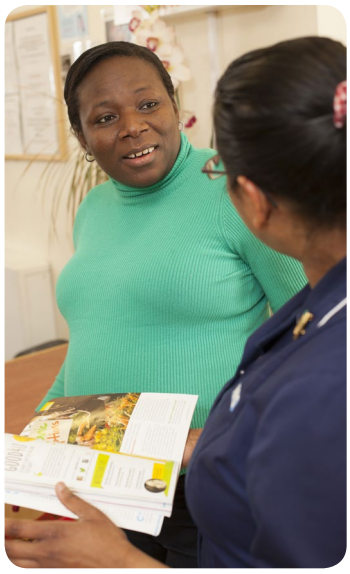
The first task the project group was set by local GPs was to clarify the role of 'care co-ordinator'. The work has involved reviewing job descriptions, skills and competencies, mapping to educational programmes and ensuring a development pathway into the role and an educational framework to support onward career opportunities. Other highlights of AvOCET include the development of a generic health and social care support worker with a focus on assisting frail people to live independently, live well and stay out of hospital.

There is also work to develop placement pathways for pre-registration nurses to support direct entry into a career in practice or community nursing. Finally, we are delighted that 11 GP practices in Gosport have set up a pilot Primary Care Learning network to help embed the outcomes of the project and champion roll out.

New Public Health Community Fellowship programmes give F2 doctors a head start

HEW launched a new fellowship programme to give foundation level trainee doctors a unique opportunity to develop their public health, leadership and project management skills outside the clinical setting.

This is a really innovative programme and we believe the first to offer this opportunity to doctors so early in their training. The key to the programme was the opportunity for project teams to work with community and voluntary sector organisations.



Fourteen fellows were successfully appointed and formed four teams, each mentored by a public health specialty registrar. The community organisations were Southampton Sight, Age UK, Parents A-Buzz and Workers Education Association, the adult learning course provider.

Projects included analysing the needs of a particular population group in order to improve services and evaluating the effectiveness of existing projects.

The fellowship has evaluated particularly highly both from the trainee doctors and the community groups, who appreciated the unique resource of doctors working to improve the health and wellbeing of services users while at the same time raising their profile with clinical and public health colleagues.

Sustainability Report

HEE 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 to 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 remains 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, in the coming year our strategy will reflect the need to obtain data to monitor and improve energy usage.

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 is working on the development of robust systems that are to be introduced from 2015/16, 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 improved on during 2014/15, with further initiatives included for 2015/16.

Energy

HEE will continue to reduce its carbon footprint in line with government targets, and plan to develop systems to obtain energy usage data with our facilities service providers.

Transport and travel

The introduction of the HEE Travel policy and subsequent monitoring of travel activity during 2014/15 has resulted in reduced travel. Continuing developments in IT and improved video conferencing has supported this change to travel patterns.

Waste management

HEE recognises the importance of good waste management. We have followed a DH-led programme to reduce general waste to land fill at our offices by removing all individual waste bins and introducing central general and recycling waste containers which results in a reduction of land fill and an increase in recycling compliance.

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 provides for recycling, production, delivery and collection of paper. Our confidential waste streams are to be examined and an alternative considered to reduce the carbon footprint and cost of this process.

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.

HEE is also 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 for 2015/16

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

- Further develop our Sustainable Development Team with full terms of reference, and robust reporting structure ensuring alignment to HEE's new governance structures.
- Develop and implement a Sustainable Development Action Plan and Strategy, which will include the development of an energy recording systems; targets for reducing travel costs; exploring alternative travel schemes for staff including cycles and electric vehicles; new confidential waste streams.

Information on environmental, social and community issues

Corporate Social Responsibility

HEE has and maintains a Corporate Social Responsibility policy. This sets out our aims regarding business ethics, managing environmental impacts and supporting sustainable development through our procurement practices. In addition, the policy outlines our commitment to encouraging staff to be active citizens who support local communities, and work in partnership to influence the health and social care sector.

In 2014/15 we have:

- maintained strong business ethics by fulfilling our statutory duty to promote the NHS Constitution and its values, including introducing a values-based recruitment framework for all NHS-funded training programmes;
- HEE collaborated on, and is a signatory to, the national sustainable development strategy for the NHS, Public Health and Social Care system, and continues to contribute to the cross system national group to promote sustainable development;
- continued to utilise technology to support agile working and reduce our business travel to minimise carbon emissions and promoted healthy commuting with a staff bike loan scheme;
- began process of estates rationalisation, applying the principle of national and local office co-location to reduce our overall footprint and energy usage; and
- applied sustainable procurement practices to ensure that corporate social responsibility is considered as part of all tender evaluations.

Engaging our communities

HEE engages with local communities through our 13 Local Education and Training Boards (LETBs). LETBs are responsible for effective engagement and productive relationships with all local stakeholders, including patients and the public. Details of what LETB achievements are set out in the LETB reports, starting at page 29.

The HEE Patient Advisory Forum became a reality in 2014/15: see page 11 for details of their work so far.

Health Education East of England: supporting local charities

Heath Education East of England has a Sports and Social Committee which arranges activities and campaigns to promote positive physical, mental and social wellbeing. In 2014/15, its chosen charity was the NHS Forest. Staff wanted to raise awareness of both the work of the charity and as the importance of sustainability and wellbeing. Throughout the year staff raised £677 using cake sales and donations to buy trees for the forest.

Engagement from three of the LETB's provider chairs and members of the LETB's executive team encouraged further donations from staff and external stakeholders in a competition to see which member would take the most steps over a week long pedometer challenge. The trees that had been funded were then planted at an NHS Forest site in Hertfordshire in March and around 20 staff and their families took part as volunteers.

There is more information on the NHS Forest at http://nhsforest.org

During the run up to Easter 2015, 212 Easter egg donations were collected for local paediatric wards and charities, smashing the 187 eggs collected in 2014. In Cambridge the eggs went to Addenbrooke's Hospital, whilst the Norfolk office donated to the Norfolk and Norwich University Trust. In Essex, donations went to the Cheviot Nursing Home in Colchester and brought a smile to the faces of some of their elderly residents.

Finance

Finance

Financial review

The essential financial part of an annual report is confirmation that our statutory financial duty of spending within our annual allocation had been achieved. With just £22.1 million (0.4%) of our allocation of £4930 million unspent at year end we have met that requirement with a minimum underspend.

In our second full operational year we have made important steps in the reduction of running costs. Through the Beyond Transition programme we brought down our administration costs by 20%, reducing our pay bill by 18% and removed 20% of our highest paid staff. The costs of making this change have been entirely absorbed within our 2014/15 administration allocation.

Our main business is commissioning education and training. In this area of cost we have continued the transition from historic based funding of clinical placements, to the standard national tariff. This is a long process to maintain stability of healthcare providers, but the vast majority of organisations will complete the transition before 2020. There remains much to do in refining this initial tariff and extending it more broadly, in particular to primary care.

An important step this year was the completion for the first time by NHS providers of education reference cost supported by our local teams. This is required to provide costing information which will support tariff development. The first year provides many lessons in the classification of costs which will give a more stable base for future cost collections and more robust information to inform both our future decisions on tariff and those of Department of Health.

HEE assumed responsibility for agreeing the national benchmark price for clinical (other than medical) tuition costs during 2014/15. We agreed with partner universities that this price would be frozen for two years, through to 31 March 2016. This provides financial stability, and enables us to concentrate on a review of the underlying contract during the coming year.

Looking forward, we received a tough settlement for 2015/16. Whilst we have been able to fund our workforce plan from within the allocation, there are significant pressures from recent increases in commissions and the training and transformation demands placed on HEE and the NHS by the Five Year Forward View. During 2015/16 we will need to work on the sustainability of our financial plans over the next three to five years in the light of those pressures and the continuing tough prospects for public expenditure.

Financial performance

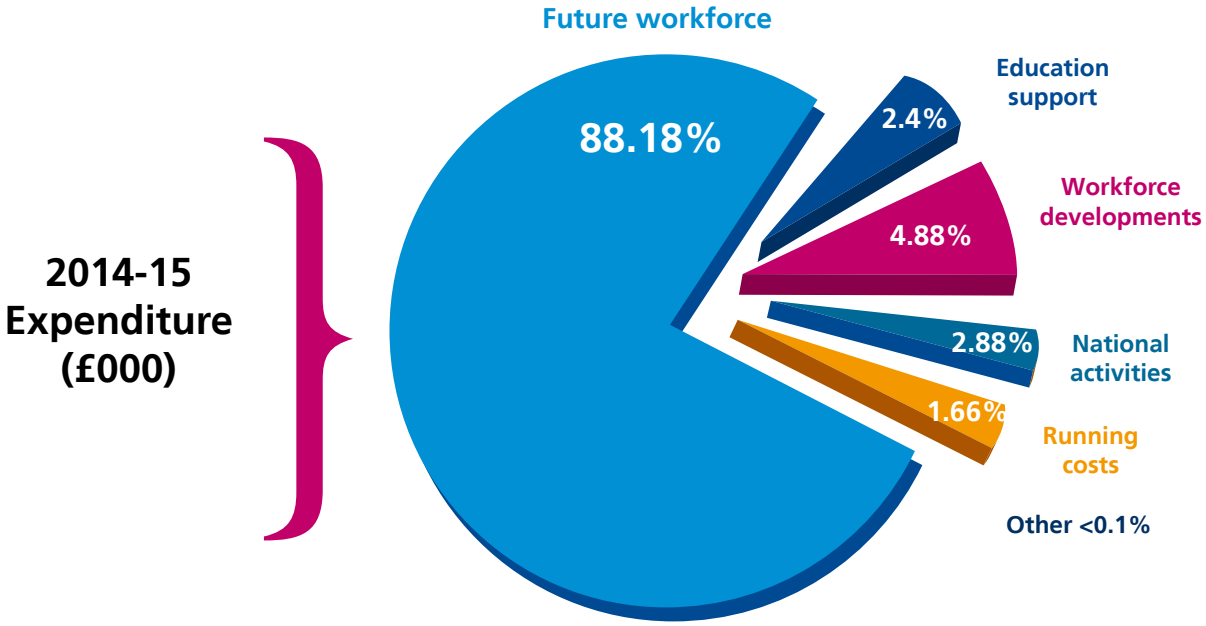
For 2014/15 we have been set stringent targets by the Department of Health, which we are not expected to exceed. We successfully achieved all of these statutory targets.

Our net expenditure falls into two main categories – programme and administration expenditure – and we have to spend within both allocations. This was achieved with a £1.3 million or 1.5% underspend on our administration allocation of £82.9 million; and a £20.8 million or 0.4% underspend on our programme allocation of £4,847 million. More detail on the breakdown of expenditure is provided below.

Our capital expenditure was £190,000 on IT, which was significantly lower than our original expenditure plans due to delays in procuring an organisation-wide IT solution.

Revenue expenditure

The breakdown of expenditure is shown below.



Future Workforce covers expenditure on undergraduate training for medical and dental students, postgraduate medical and dental plus expenditure for other non-medical healthcare professions.

Education Support is the infrastructure to ensure that the future workforce investment achieves the appropriate quality standards.

National activities
There are a number of national programmes and activities that are undertaken to ensure delivery across a wide range of areas such as the medical and dental recruitment system and e-learning for health.

Workforce development supports the existing healthcare workforce and includes expenditure on important Mandate deliverables such as training advanced and specialist practitioners to deliver integrated care, apprenticeships and dementia training.

Running Costs are the costs for 'back office' functions such as HR, Finance, and our commissioning activities. These are a very small proportion of our overall budget.

There is a small amount of other expenditure that is unrelated to our Department of Health programme or administration allocations and is covered by other income sources.

Better Payments Practice Code

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.

Measure of compliance				
	2014-15	2014-15	2013-14	2013-14
	Number	£000s	Number	£000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	46,034	1,170,799	37,704	1,028,044
Total Non-NHS Trade Invoices Paid Within Target	44,014	1,136,882	35,616	989,201
Percentage of Non-NHS Trade Invoices Paid Within Target	**95.61%**	**97.10%**	**94.46%**	**96.22%**
NHS Payables				
Total NHS Trade Invoices Paid in the Year	17,760	3,657,739	16,910	3,612,605
Total NHS Trade Invoices Paid Within Target	17,127	3,618,360	16,336	3,577,367
Percentage of NHS Trade Invoices Paid Within Target	**96.44%**	**98.92%**	**96.61%**	**99.02%**

Professor Ian Cumming,
OBE, Chief Executive

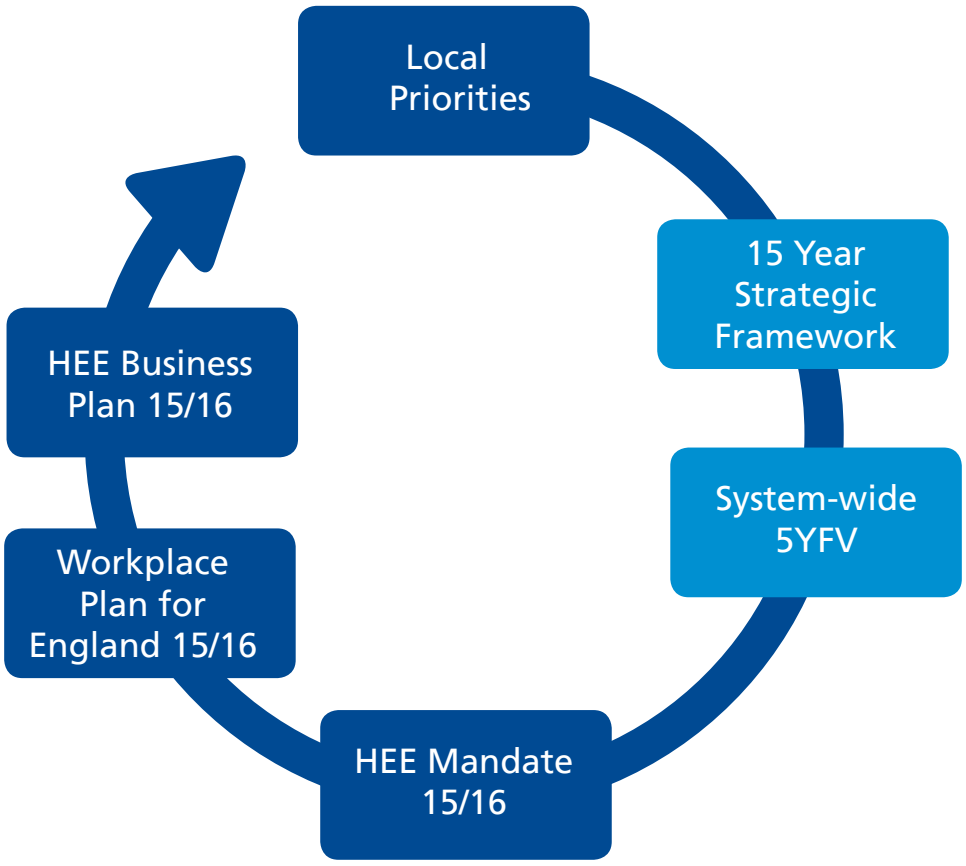
Directors' Report

Looking ahead to 2015/16

After two years of success and achievement, HEE is looking forward to a an active year of delivery combined with a high profile role as a strategic leader in the NHS, seeking to help shape the delivery of any revised priorities following 2015's General Election.

Since the launch of the Government's latest Mandate to HEE in March 2015, we have built a Business Plan for 2015/16 that aligns our business goals with recent significant changes in strategic direction heralded by Framework 15, the new conceptual framework which guides HEE's approach issues and informs our solutions (see page 10) and the NHS' Five Year Forward View, a vision for the NHS launched in October 2014.

For the full vision visit
http://hee.nhs.uk/2014/10/23/nhs-five-year-forward-view-published/



Priorities for Business Plan 2015/16

HEE is committed to delivering on all Mandate commitments. We are aware, however, that some deliverables will attract more scrutiny and have a higher profile, such as the recruitment of GPs and training to support new access and waiting time standards for mental health.

In 2015/16, we will deliver on key transformational changes, such as the commissioning of many more training places for Physicians' Associates: these new programmes will not deliver in-year results, but will take HEE closer towards achieving our fifteen year strategic ambitions.

We also need to focus on a large number of 'business as usual' activities which will help us deliver the transformation of the workforce and ensure efficiency. These include:

- improved workforce data from all sectors;
- implementing changes following the Beyond Transition programme (see page 68);
- education and training to support working across organisational boundaries and the development of new roles;
- recruitment to specific parts of the country and occupations;
- establishing the Workforce Advisory Board to develop a workforce with the skills to support the implementation of new models of care; and
- developing a Financial Strategy that takes a longer term perspective.

To read the full Business Plan, visit
http://hee.nhs.uk/wp-content/blogs.dir/321/files/2015/03/HEE-Business-Plan-2015-16.pdf

Move to Non-Departmental Public Body status in 2015

HEE was originally established as a Special Health Authority on 28 June 2012. The Care Act 2014 abolishes HEE as a Special Health Authority and establishes us as an Executive Non-Departmental Public Body (NDPB) from 1 April 2015.

Becoming an NDPB means that our role and responsibilities are enshrined in primary legislation. It means we will operate with more clearly defined duties and powers. The Secretary of State retains powers to make regulations that govern our activities, but these are subject to parliamentary scrutiny, so there will be a need for greater transparency.

This change of status will not fundamentally alter HEE's range of functions, or our relationships with the Department of Health and other stakeholders. But it gives us, and the education and training system we support, more stability plus parity with our partners in the healthcare and public health system.

It is very much business as usual for HEE in 2015/16, but on a firmer foundation for us and the work that we do.

The development of HEE and our people

Enabling our staff to deliver HEE's overall business strategy is our key driver and during 2014/15 we took the opportunity of the Beyond Transition change programme to:

- be explicit about the behaviours, skills and approach that is required from our staff to engage with a changing Health System;
- value the diverse cultures that exist within HEE as a result of the way we were created, but emphasise the importance of ensuring that HR and Organisational Development services are delivered in a consistent and equitable manner, to a high standard;
- create a healthy and effective organisation, and to consciously and deliberately stimulate the conditions in which people can give their best so that the organisation can thrive;
- use and develop our HR metrics and systems to benchmark ourselves and identify areas for attention and investment.

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. EEF is used for occupational health advice. Our staff also have access to a confidential Employee Assistance Programme which is available 24 hours a day, seven days a week.

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 been successful in securing a number of important alliances and accreditations including 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. Staff can also access the Employee Staff Record (ESR) self service system to update their personal information.

We have good links with our trade union representatives and have worked closely with them on a number of strategic pieces of work including Beyond Transition. Our Partnership Forum has met on a monthly basis during 2014/15 and includes representation from our Executive Team and the HR team, alongside national officers from the following recognised trade unions: BMA, MiP, RCN, UNISON and Unite.

HEE has a directly employed workforce of 2,504. HEE uses the nationally determined NHS Terms and Conditions of Service (Agenda for Change) and the national contracts and terms for medical and dental and very senior manager (VSM staff).

Remuneration

During 2014/15 we continued to work with DH, ALB and staff-side colleagues in all matters regarding our pay policy. We are clear about the need for continued pay restraint in the NHS.

HEE's Remuneration Committee has formal responsibility, on behalf of the Board, for the oversight and agreement of senior staff salaries in accordance with the agreed terms of reference. All of our appointments and arrangements for determining the salaries of our senior staff are carried out in accordance with the processes set by our colleagues in the DH and, where required, with the approval of the Department's Remuneration Committee. The Remuneration Committee is now chaired by Mary Elford, Non-Executive Director, who took over from the former chair – Ann Abraham – during 2014.

Equality and diversity

HEE remains committed to conducting and planning its business so that equality is at the heart of everything we do. We have robust objectives in place, to promote and further improve engagement with our staff and stakeholders. An established Equality and Diversity Group (AHEAD) meets on a regular basis to ensure that HEE is both meeting all legal requirements and obligations under the Equality Act and the Public Sector Equality Duty and working towards establishing best practice in this area in due course. The AHEAD group is chaired by Kate Nealon, Non-Executive Director.

HEE is striving to ensure that all employees are empowered and engaged in development activity across the organisation. We are committed to all staff taking part in the annual appraisal cycle, with an agreed personal development plan and a formal half yearly review. Our staff survey results for 2014 showed that over 90% of staff participated in the process and we aim to improve on that figure in 2015.

Our workforce profile is regularly reviewed across all protected characteristics to ensure that action plans are drawn up to address under representation as appropriate.

The gender breakdown of our staff is 1597 female and 860 male. Of our non-executive directors, four are male, two are female; of our executive directors seven are female, four are male. Within our senior staff (AfC Bands 8d and 9), 541 are male and 450 are female.

The overall sickness absence rate for 2014 has remained low at 2.57%.

Days available for 1 April 2014 to 31 March 2015 (full time equivalent)	653,651
Days lost due to sickness during that period	16,798
Sickness absence rate	2.57%

The days available and days lost figures for 2013-14 were 237,774 and 5,978 respectively (2.5%). These were lower as the reference period was shorter (nine months) and HEE had fewer staff in post at that stage in our first year of operation.

There has been one incident relating to the loss of protected personal data, see page 92 for action taken. Past and present employees are covered by the NHS Pensions scheme. See page 116 for information on pension liabilities.

Beyond Transition

HEE had a very successful first year as a Special Health Authority following a safe transition from ten Strategic Health Authorities and associated Deaneries. It built and published from the local upwards the first ever National Workforce Plan for England and is already making a real difference to patients and the NHS locally and nationally through the Mandate and local plans. HEE and its LETBs have been acknowledged as one of the real successes of the new NHS landscape.

It was from this position of strength that in 2014 HEE started to discuss the challenges facing it and how to develop by building on strengths, hard-wiring in successes and making improvements where needed whilst meeting these challenges. The objective was to ensure that workforce transformation and progress in bringing together local stakeholders to discuss and solve local issues, continued to be the mark of LETBs and that delivery across the broad agenda in the Mandate was maintained for HEE as a whole. HEE and its LETBs need to maintain the focus on commissioning and delivering excellent education and training whilst using development funds to support the current workforce in partnership with employers, universities, commissioners and other stakeholders. HEE and its LETBs are already making a difference to patients, the NHS and to students and trainees across the country and nothing we do should put that at risk.

The first phase of Beyond Transition commenced during the summer of 2014. In line with other Arm's Length Bodies, HEE was required to reduce running costs and the number of very senior staff by 20%. It was also important to prepare for NDPB status on 1 April 2015 as a result of the new Care Act and the increased scrutiny on governance and processes the status brings. Plus better alignment of the local and national was needed to deliver our priorities in the most effective and efficient manner, recognising the universal agreement within HEE that the links between the local and national have been one of the least effective elements of how HEE has operated.

It became apparent that certain parts of the original hybrid needed to be changed while other aspects should be maintained. These included agreement that HEE needed to be clear that LETBs would not be merged or budgets amalgamated across LETBs; that the roles and responsibilities and accountabilities of LETBs would be protected; the role of chairs needed to be cemented in place locally; the Mandate needed to be firmly placed as a whole HEE issue rather than seen as a responsibility of the national team and that more work was needed to build greater alignment between the local and national functions and roles of HEE.

From these discussions came a clear view that a 'one HEE' programme was needed to further develop HEE as a statutory body with a clear vision, purpose and culture enabling greater connectivity between the local and the national. This would retain the importance of the local leadership of transformation whilst avoiding unnecessary duplication and accelerating our activity and impact at scale and pace. HEE is a single organisation, yet it often felt to staff and stakeholders like 14 organisations, comprised of a national body called HEE along with 13 LETBs, each separate with their own identities, leadership, processes, governance, culture and ways of working. That led to a number of functions of HEE being carried out 14 times, in different ways, which was not financially or culturally sustainable.

It was these discussions and the subsequent refinement of the proposals that led to the formal engagement process on the proposed model which was agreed by the Board and ran from 16 May to 20 June 2014.

The engagement exercise was built around a case for change and a model for a sustainable future for HEE that was developed and agreed by the Senior Leadership Team and the HEE Board. It is a sign of the success of HEE and its LETBs that many hundreds of stakeholders and staff attended local meetings and responded in writing formally.

The core of the proposed changes agreed by the Board was:

- LETBs' powers; responsibilities; accountabilities; delegated authority; chair; boards; budgets and geography will remain unchanged;
- these new directors are members of the Executive Team and have line management responsibility for the new LETB directors; and
- four directors of education and quality (DEQs) and four heads of finance (HoFs) were also appointed to work alongside the new national directors, on the same geographical footprints, supporting LETBs and working on national projects. These senior staff are focused for the vast majority of their time supporting LETBs and are expected, alongside LETB directors and the new national directors (geography), to attend local LETB meetings, both to support LETBs and ensure greater knowledge transfer between the local and national is built into HEE.

As a consequence, the former posts of managing director, director of education and quality, and head of finance at individual LETB level no longer exist.

Phase 2: a broader exercise

Phase Two of consultation began at the end of October 2014 and concluded in April 2015. This included a broader staff consultation as a result of the review of 'enabler' functions – including communications, finance, HR/OD, corporate governance, IT etc - and the most appropriate way of delivering for 13 LETBs and the Board from a more streamlined staffing structure within one HEE.

Phase Two of Beyond Transition consisted of five key elements:

- a review and reduction of national and local senior posts (Agenda for change Band 9 and equivalent) not covered by Phase One;
- the alignment of work and functions to the four new national directors to help strengthen HEE's infrastructure through providing support locally, nationwide and nationally;
- a review of the roles and responsibilities of the national Executive Team;
- proposed changes to the structures of the enabling functions; and
- formal consultation on the move to NDPB status from 1 April 2015.

The HEE HR Framework, which can be found at www.hee.nhs.uk/wp-content/blogs.dir/321/files/2014/05/HR-Framework-Nov-20141.pdf, was developed in conjunction with our Partnership Forum members and provided information to staff on the HR processes underpinning Phase Two of Beyond Transition, including the organisational change process, staff support, guidance to support staff employed on Fixed Term Contracts, pay protection arrangements and the redeployment process.

A guide to the filling of posts was developed by our HR leads and agreed by the national Partnership Forum. The underlying principle of the Filling of Posts process was to fill posts in the structure as quickly as possible, giving staff certainty as soon as possible whilst minimising the impact on the business. There were five stages of the Filling of Posts process:

Stage 1 – Slot in/Competitive Slot in

Stage 2 – Limited Ring Fencing

Stage 3 – Internal Recruitment (HEE employees)

Stage 4 – Wider Ring Fencing (NHS and ALB employees)

Stage 5 – Open Competition

At Stage 1, pooling took place on a LETB basis in the first instance and for staff in a national function there was a single national pool for the relevant function.

A new staff support package was developed and launched on HR Direct on 5 November. This was developed to ensure that HEE staff and managers had access to the appropriate support they needed during the Beyond Transition changes and also to provide a platform of support for further development going forward.

The information available included a staff support booklet; support and development information; latest job opportunities; a manager toolkit; trade union contact details; and HR contact details.

In addition, outplacement support and pension advice was also offered to all staff affected by Beyond Transition. Right Management provided outplacement support to affected staff. Support available included preparing for interviews, completing application forms and CV writing. Pension advice support was provided by Ernest Grant and included one-to-one guidance to enable staff to plan for their future.

Our Board and directors' details

The HEE 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 of the delivery of key priorities for 2014/15 and agreeing the allocation of funding across HEE for 2014/15. In December 2014 the Board approved the second Workforce Plan for England. The Board has been instrumental in setting the direction of HEE's Beyond Transition programme and have held the Executive Directors to account for delivery of this programme, including robust and meaningful consultation exercises.

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; public attendee numbers have declined in 2014/15 and we have frequently welcomed up to 10 members of the public at each meeting.

During the financial year 2014/15 nine public meetings of the HEE Board took place. Attendance rates of members is listed in the Annual Governance Statement on page 90.

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 on page 82.

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 2014/15.

Non-Executive Members

Sir Keith Pearson JP DL, Chair

Ann Abraham
(to 30 June 2014)

John Burdett

Mary Elford

Sir Stephen Moss
(from 1 September 2014)

Kate Nealon

Dame Shirley Pearce CBE
(until 30 April 2014)

Professor David Croisdale-Appleby OBE
(from 1 September 2014)

Executive Members

Professor Ian Cumming OBE: Chief Executive

Steve Clarke: Deputy Chief Executive and Finance Director

Professor Nicki Latham: Chief Operating Officer

Jo Lenaghan: Director of Strategy and Planning

Professor Wendy Reid: Director of Education and Quality

Directors in attendance

Professor Lisa Bayliss-Pratt: Director of Nursing

Lee Whitehead: Director of People and Communications

Rob Smith: Acting Director of Strategy and Planning
(from March 2015)

Members of Executive Team, but not Board members

Paul Holmes: Director, South
(from 1 October 2014)

Laura Roberts: Director, North
(from 1 October 2014)

Julie Screaton: Director, London and South East
(from 1 October 2014)

Janice Stevens CBE: Director, Midlands and East
(from 1 October 2014)

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.

Biographies of all HEE board members can be found online at https://hee.nhs.uk/about/who-we-are/ and the Board's Register of Interests in at page 73.

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) available at www.gov.uk/government/publications/pay-framework-for-very-senior-managers.

The Committee will also approve any residual local pay arrangements and ratify the application of the national terms for staff.

The Chair of the Committee was Ann Abraham up to her resignation from the Board in June 2014. The Board subsequently appointed Mary Elford as the Committee Chair. During the financial year 2014/15 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.

The Committee is appointed by the Board from the Non-Directors, during the year membership of the Committee changed following Mary Elford's appointment as Chair of the Remuneration Committee; David Croisdale-Appleby then joined the Committee. The Chair of the Committee is John Burdett. During the financial year 2014/15 five Audit Committee meetings were held. All meetings were recorded as fully quorate.

Register of interests:

Health Education England Directors 2014/15 as at 31 March 2015

Name	Position	Interest disclosed	In Year Appointment / Resignation
Sir Keith Pearson JP DL	Chair	Deputy Lord Lieutenant, County of Cambridgeshire	
		UK Revalidation Programme Board, General Medical Council	
		Magistrate, Ministry of Justice	
		Trustee, East Anglian Air Ambulance	
		Migrant Access/Cost Recovery Tsar (Independent Advisor), Department of Health	
		Non-executive Director, Medireal Ltd	Appointed: October 2014
Professor Ian Cumming OBE	Chief Executive	Hon. Chair in Leadership, Lancaster University	
		University of Chester, family member undertaking HEE funded study	
		Leeds Beckett University, family member undertaking HEE funded study	
		Worcester Acute Hospitals Trust, wife is an employee	
		Central Manchester Foundation Trust, brother and sister are employees	
John Burdett	Non-Executive Director	Director, Palladio Ltd	
Professor David Croisdale-Appleby	Non-Executive Director Appointed September 2014	Chairman, Skills for Care	Resigned November 2014
		Chairman, Skills for Care & Development	Resigned November 2014
		Chairman, Hft	
		Chairman, Dementia UK	
		General Medical Council Visitor for Medical Education	
		Advisor, Medical Research Council	
		Visiting Professor, Durham University Business School	

Name	Position	Interest disclosed	In Year Appointment / Resignation
		Expert Adviser on Health of Older People, Department of Health	
		Expert Member of Social Care Research Ethics, Social Care Research Ethics Committee	
		Member, Think Ahead Board, Department of Health	
		Chair, Standing Commission on Carers	Appointed 1 August 2014
		Honorary Professor, Durham University's Wolfson Research Institute and the School of Medicine and Health	
		Honorary Ambassador for the UK for the Nelson Mandela Children's Hospital for the 15 countries of the Southern Africa Development Community	
Sir Stephen Moss	Non-Executive Director Appointed September 2014	Non-Executive Director and Senior Independent Director, Derby Hospitals NHS Foundation Trust	
		Faculty Member, Advancing Quality Alliance	
Kate Nealon	Non-Executive Director	Non-Executive Director, Argo Group International Holdings	
		Non-Executive Director, Argo Managing Agency Ltd	
		Non-Executive Director, Finance & Planning Committee, Westminster Cathedral	
		Ambassador, Wellbeing of Women (charity)	
Mary Elford	Non-Executive Director	Lay Member, General Pharmaceutical Council	
		Non-Executive Director, East London Foundation Trust	
		Non-Executive Director, Queen Mary Bioenterprises	
		Member of the National Advisory Committee on Clinical Excellence Awards	
Steve Clarke	Director of Finance	Nil	
Lee Whitehead	Director of People and Communications	Nil	

Name	Position	Interest disclosed	In Year Appointment / Resignation
Jo Lenaghan	Director of Strategy and Workforce Planning	Secondment to NHS England: Project Director for the NHS Five Year Forward View	July 2014 – October 2014
Professor Nicki Latham	Chief Operating Officer	Honorary Visiting Professor, Leeds Beckett University	
Professor Lisa Bayliss-Pratt	Director of Nursing	Honorary Research Fellow, University of Wolverhampton	
		Honorary Visiting Professor, City University London	Appointed: 1st April 2014
		Trustee, Foundation of Nursing Studies	Appointed: 30th July 2014
		Professor of Nursing and Interprofessional Education	Appointed: 2nd April 2015
Professor Wendy Reid	Director of Education and Quality and Medical Director	Consultant Gynaecologist, Royal Free Hospital, London	
Rob Smith	Acting Director of Strategy and Planning appointed March 2015	Nil	
Julie Screaton*	Director, London and South East, Appointed to Executive Team: October 2014	Nil	
Paul Holmes*	Director, South, Appointed to Executive Team: October 2014	Member, NHS Skills Academy (on behalf of HEE)	
Laura Roberts*	Director, North Appointed to Executive Team: October 2014	Nil	
Janice Stevens*	Director, Midlands and East Appointed to Executive Team: October 2014	Secondment from HEE to Barts Health NHS Trust	Commenced March 2015

* Paul Holmes, Laura Roberts, Julie Screaton and Janice Stevens are members of the Executive Team, but not members of the Board

Professor Ian Cumming,
OBE, Chief Executive

Remuneration Report

Statement on audit compliance

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

Remuneration Committee

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 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;
- Ensuring that officers are fairly treated 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 Mary Elford, Non-Executive Director and is comprised of all of the Non-Executive Directors. The committee met on 5 occasions during 2014/15 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 the Non-Executive Directors. The Committee is supported by the Board Secretary and the Head of Human Resources and Organisational Development.

Attendance at each meeting was as follows:

17 June 2014:
Ann Abraham (Chair), Mary Elford, Kate Nealon, Sir Keith Pearson

7 August 2014:
Kate Nealon (Chair), John Burdett, Sir Keith Pearson

16 September 2014:
Mary Elford (Chair), John Burdett, David Croisdale-Appleby, Sir Keith Pearson

27 January 2015:
Mary Elford (Chair), John Burdett, David Croisdale-Appleby, Sir Keith Pearson, Stephen Moss

24 March 2015:
Mary Elford (Chair), John Burdett, David Croisdale-Appleby, Sir Keith Pearson, Stephen Moss.

HEE 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 2014/15 was £190,000 – £195,000 (2013/14, £200,000 to £205,000). Remuneration ranged from £5,475 to £193,726.

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.

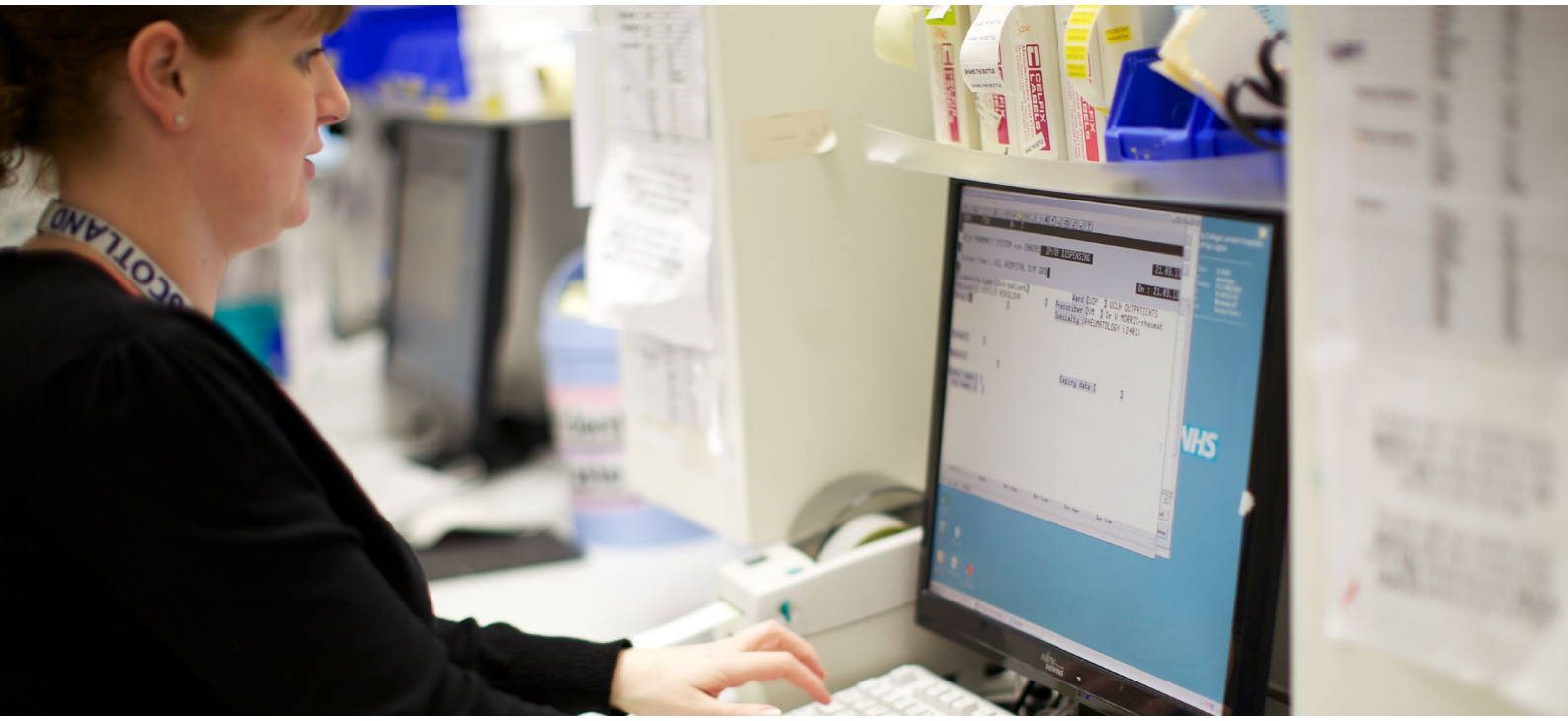
These figures have been subject to audit	2013/14	2014/15
Band of highest paid director's total remuneration £000*	200-205	190-195
Median Total	£40,558	£42,190
Remuneration Ratio	5.0	4.6

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

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 2014/15 and the following table presents the information required for HEE from 1 April 2014 to 31 March 2015, 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 have reached six months in duration between 1 April 2014 and 31 March 2015	19
Number of new engagements which includes contractual clauses giving HEE the right to request assurance in relation to income tax and National Insurance obligations	19
Number for whom assurance has been requested	19
Of which:	
• Assurance has been received	19
• 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 organisational governing body – the HEE Board. This is as per the Department of Health's guidance on annual reports for 2014/15 which states 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".

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

Name and title	(a) Salary (bands of £5000)		(b) Expense Payments (taxable to the nearest £100)		(c) Performance Pay and Bonuses (bands of £5000)		(d) Long term performance pay and bonuses (bands of £5000)		(e) All pension-related benefits (bands of £2500)		(f) TOTAL (a to e) (bands of £5000)	
Executive Directors												
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Mr S Clarke	150-155	150-155	Nil	4	Nil	Nil	Nil	Nil	0-(2.5)	Nil	150-155	150-155
Professor I Cumming	190-195	190-195	100	12	Nil	5-10	Nil	Nil	40-42.5	15-17.5	240-245	215-220
Professor L Bayliss-Pratt	95-100	110-115	31	Nil	Nil	Nil	Nil	Nil	Nil	Nil	100-105	110-115
Professor N Latham	130-135	130-135	3	3	Nil	Nil	Nil	Nil	25-27.5	42.5-45	160-165	175-180
Mrs J Lenaghan	135-140	130-135	Nil	Nil	Nil	0-5	Nil	Nil	37.5-40	5-7.5	170-175	150-155
Professor W Reid	150-155	150-155	Nil	Nil	Nil	Nil	Nil	Nil	460-462.5	60-62.5	610-615	210-215
Mr L Whitehead	130-135	130-135	28	21	Nil	Nil	Nil	Nil	50-52.5	(12.5)-(15)	185-190	115-120
Mr P Holmes*	-	120-125	-	Nil	-	0-5	-	Nil	-	60-62.5	-	180-185
Ms J Screaton*	-	120-125	-	1	-	Nil	-	Nil	-	15-17.5	-	135-140
Ms L Roberts*	-	120-125	-	3	-	0-5	-	Nil	-	Nil	-	125-150
Ms J Stevens*	-	120-125	-	5	-	Nil	-	Nil	-	50-52.5	-	175-180

*Mr P Holmes, Ms J Screaton, Ms L Roberts and Ms J Stevens became National Directors on 1 October 2014

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

Name and title	(a) Salary (bands of £5000)		(b) Expense Payments (taxable to the nearest £100)		(c) Performance Pay and Bonuses (bands of £5000)		(d) Long term performance pay and bonuses (bands of £5000)		(e) All pension-related benefits (bands of £2500)		(f) Total (a to e) (bands of £5000)	
Non-Executive Directors												
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
Ms A Abraham[1]	5-10	5-10	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5-10	5-10
Mr J Burdett	10-15	10-15	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil	10-15	10-15
Ms M Elford	0-5	5-10	Nil	2	Nil	Nil	Nil	Nil	Nil	Nil	0-5	5-10
Ms K Nealon	5-10	5-10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5-10	5-10
Professor S Pearce[2]	5-10	5-10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5-10	5-10
Sir K Pearson	50-55	50-55	11	2	Nil	Nil	Nil	Nil	Nil	Nil	55-60	55-60
Professor D Croisdale-Appleby[3]	-	0-5	-	Nil	-	Nil	-	Nil	-	Nil	-	0-5
Sir S Moss[4]	-	0-5	-	Nil	-	Nil	-	Nil	-	Nil	-	0-5

[1] Ms A Abraham left HEE on 30 June 2014
[2] Prof. S Pearce left HEE on 30 April 2014
[3] Prof D Croisdale-Appleby joined HEE as a Non Executive Director on 1 September 2014
[4] Sir S Moss joined HEE as a Non Executive Director on 1 September 2014

Pension benefits *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 2015 (bands of £5,000) £000	(d) Lump sum at age 60 related to accrued pension at 31 March 2015 (bands of £5,000) £000	(e) Cash Equivalent Transfer Value at 1 April 2014 £000	(f) Real increase in Cash Equivalent Transfer Value £000	(g) Cash Equivalent Transfer Value at 31 March 2015 £000	(h) Employer's contribution to stakeholder pension £000
Professor Ian Cumming Chief Executive	2.5-5	7.5-10	75-80	230-235	1308	86	1394	-
Paul Holmes Director, South of England	2.5-5	15-17.5	55-60	175-180	1185	149	1334	-
Professor Nicki Latham	0-2.5	0	5-10	0	41	27	68	-
Jo Lenaghan Director of Strategy and Planning	0-2.5	0-2.5	20-25	60-65	297	20	317	-
Professor Wendy Reid Medical Director and national Director of Education and Quality	2.5-5	10-12.5	55-60	175-180	1163	124	1287	-
Julie Screaton Director, London and The South East	0-2.5	5-7.5	35-40	115-120	654	49	703	-
Janice Stevens Director, Midlands and East	2.5-5	10-12.5	50-55	160-165	1035	106	1141	-
Lee Whitehead Director of People & Communications	0-2.5	0-2.5	10-15	30-35	174	1	175	-

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 2014/15

Governance Statement 2014/15

Scope of Accounting Officer's responsibility

This statement outlines how responsibility for the control and management of Health Education England's resources were discharged throughout 2014/15. As Chief Executive since Health Education England's establishment, I have overseen the organisation from when it assumed its full responsibilities in 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 to establish and maintain robust arrangements for regular performance reporting and review.

Our 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 decision-making processes exist and are applied; and compliance with the requirements of *Managing Public Money* and HM Treasury's *Corporate Governance in central government departments: Code of Good Practice* as this relates to public bodies.

Health Education England has operated with an individual governance structure since establishment. This has been based on the standard element of a statutory integrated board with a single Accounting Officer and national Executive Directors. In addition, our thirteen Local Education and Training Boards (LETBs), responsible for delivering our services locally throughout England, are also constituted as committees of our Board. These have independent Chairs and are led by very senior managers.

Health Education England's Board comprises the Chair, five Non-executive Directors, the Chief Executive and four other Executive Directors. Another Non-executive Director has been appointed also and will commence their role in early 2015/16.

Our governance framework also includes separate Audit and Risk and Remuneration Committees:

The Audit and Risk Management Committee is constituted as a non-executive committee of the Board. It has three non-executive members, with routine attendance by the Director of Finance, internal and external auditors and senior staff as required by the Committee. 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 and terms of service for our very senior managers and other senior staff, as well as ensuring that systems are maintained to assess the performance of these staff effectively.

The Chairs of the Audit and Risk Committee and the Remuneration Committee have provided regular reports to the Board on key issues and progress.

In addition to their attendance at Board and committee meetings, Non-executive Directors also meet regularly on their own in their capacity as custodians of good governance. They consider organisational strategy and ensure that Board decisions are underpinned by measures that demonstrate openness, integrity and accountability.

Beyond Transition – realising our potential

We recognise that Health Education England is a single statutory body and must function as one entity. Owing to the manner in which we were structured on establishment, Health Education England has sometimes appeared to function as one national organisation plus thirteen local ones, each with their own separate identity and way of working. This was not an optimal foundation on which to build and develop our business further.

In 2013/14 we began work to consider Health Education England's operating model for the future. The aim was to develop a sustainable organisation capable of delivering its functions more efficiently - both in terms of organisational congruence and cost. This change management initiative was titled Beyond Transition – realising our potential.

The case for change was based on the need for Health Education England to: operate effectively as a single statutory body with a clear culture, purpose and vision; ensure alignment of our national and local activities; focus on our whole workforce and transformation - enabling staff to work together effectively across the organisation; demonstrate cost efficiencies in line with Government targets; and be assured that our governance standards were sufficient to support our becoming a Non-Departmental Public Body – a process that was scheduled to occur throughout 2014/15.

Health Education England applied a phased approach to implementing its revised business model. Critically, this was informed by a comprehensive engagement programme with staff and stakeholders, augmented

by appropriate periods of consultation regarding the proposed changes.

Phase One of our Beyond Transition change programme focused on optimising the organisation's management structure to better integrate local and national operations. This saw the introduction of four new national director roles across geographies, each supporting a number of LETBs; changes were applied to other senior posts such as LETB directors, heads of finance and directors of education and quality. The result was a significant reduction in the number of senior managers earning over £100,000. The improved structure, agreed by the Board in August 2014, was implemented with all posts filled by November 2014.

Phase Two focused on the alignment of functions and work to the four new national directors to help strengthen organisational infrastructure; a review of executive director roles and responsibilities; proposed changes to the structure of enabling function teams (Communications, Finance, Governance and Human Resources); and a formal consultation on our move to Non-Departmental Public Body status as of 1 April 2015.

Following approval of Phase Two recommendations by the Board in January 2015, the final agreed directorate and team structures, in addition to the accompanying HR Framework and Filling of Posts process, was published to staff in February 2015. Recruitment to new and amended posts began in March 2015 and is currently ongoing. Changes will be underpinned by ongoing organisational design work to embed our new ways of working.

Board effectiveness

The scrutiny of the Health Education England Board was vital during this time of further change and helped to provide assurance that good governance continued to support our work. Non-executive directors provided essential constructive challenge to assist with this objective.

The Board is responsible for holding the executive directors to account. One of the ways it achieves this is through regular performance management reports and reviewing plans and progress against them.

We have worked hard to ensure that the Board is provided with sufficient information to enable it to function well. We have an integrated performance reporting mechanism in place that provides the Board with comprehensive data on our progress and allows effective oversight of organisational activity. Board members played a pivotal part in shaping the development of the current electronic corporate performance reporting solution and this has added a new aspect to monitoring our activities and achievements. There is ongoing work to improve our performance framework further and provide an increased level of information assurance.

Our Board has also given expert direction on the formulation of Framework 15, our strategic direction, the development of our advisory structures, development of the second national Workforce Plan and agreeing business priorities for the coming year. Board members have used the results of an assessment exercise in 2013/14 to evaluate members' competencies to shape development plans. These will be augmented by the action plan arising from the Review of Board Effectiveness which was undertaken by our Internal Audit function during this financial year.

Possible and actual attendance records for Board and Committee members in 2014/15 are shown below:

		Attendance at meetings		
Board member	**Position**	**Board Meetings**	**Audit Committee**	**Remuneration Committee**
Sir Keith Pearson	Chair	8/8	1*	3/3
Ann Abraham	Non-Executive Director (resigned from HEE, 30/6/14)	4/4	-	1/1
John Burdett	Non-Executive Director	7/8	3/3	3/3
Mary Elford	Non-Executive Director	7/8	2/2 (member to 9.2014)	2/3
Kathleen Nealon	Vice-Chair	8/8	3/3	3/3
Sir Stephen Moss	Non-Executive Director (appointed 1/9/2014)	2/3	-	0/1
Professor David Croisdale-Appleby	Non-Executive Director (appointed 1/9/2014)	3/3	1/1	1/1
Professor Ian Cumming OBE	Chief Executive	8/8	-	-
Professor Lisa Bayliss-Pratt	Director of Nursing	8/8	-	-
Steve Clarke	Deputy Chief Executive and Director of Finance	6/8	-	-
Professor Nicki Latham	Chief Operating Officer	6/8	-	-
Jo Lenaghan	Director of Strategy and Planning	7/8	-	-
Professor Wendy Reid	Director Education & Quality and Medical Director	7/8	-	-
Lee Whitehead	Director of People and Communications	8/8	-	-

* HEE Chair is invited to attend Audit Committee meetings to discuss matters relevant to the whole HEE Board as required.

Responsibilities

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 lies with our 13 LETBs in accordance with Directions from the Secretary of State for Health. An initial authorisation process took place successfully in 2012/13 to ensure that all LETBs were fit to operate as committees of the Health Education England Board. In 2014/15 a further round of assurance occurred to review LETBs' developmental progress and confirm that all have met necessary Maturity Level Two requirements.

Structural changes to our senior management have meant changes to the monitoring of LETB performance, and fulfilment of their annual accountability agreements. For the first half of 2014/15, monthly meetings of our Senior Leadership Team were held; this comprised all executive directors of Health Education England together with all managing directors of LETBs.

From October 2014 onwards our Executive Team was expanded to include the four national directors with geographic responsibilities. Their involvement has enabled matters of local significance that may have impact on our ability to deliver strategic objectives to be considered more fully. In addition, the reconfigured Executive Team now has a focused performance monitoring meeting monthly. Both these changes have enabled an improved level of assurance regarding the overall management of organisational activity to be given to our Board.

The Health Education England Board has previously 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 management to make certain we remain compliant in this area and this will be monitored as we move forward. Our revised Executive Team composition, including as it does national directors with geographic responsibilities, will help us to maintain focused oversight in this area.

Health Education England recognises the importance of having adequate quality assurance in place for all analytical work. We are aware of the recommendations of Sir Nicholas Macpherson's review of quality assurance of government models and will continue ongoing work in this field to ensure robust levels of assurance are in place for our business critical models, such as those used for national workforce planning.

We are also cognisant of our need to support the Secretary of State for Health's duty to manage health inequalities. In December 2014, the Board agreed our second Workforce Plan for England. Through this, Health Education England has 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 in central government departments: Code of Good Practice*. I am satisfied that the relevant principles and provisions are reflected by the arrangements we have in place, and that the changes we have made during the year will strengthen our governance overall.

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 the Executive Team has reviewed this on a monthly basis. The register is also considered by our Board bi-annually, and more fully by the Audit and Risk Committee on a quarterly basis. Copies of the register have been provided regularly to our Department of Health sponsor team and these have informed their assessment of our organisational progress at our quarterly accountability review meetings. A copy of the risk register is made accessible to all staff.

From the start of 2014/15, our register's content has gradually moved away from post-transition issues arising from the need to manage widespread change across the NHS landscape toward a sharper focus on the delivery of strategic objectives and our Mandate.

Many of the register's key risks, including those relating to reduction of running costs, standardisation of corporate policies and procedures, the need to improve our information systems, and procurement management, will be better mitigated by the organisational changes we have made throughout the year. Over the course of the year, we have embedded internal audit report recommendations made in 2013/14 relating to our risk management process. Risk management has been augmented by agreeing specific programme and project management standards to ensure our business activities are managed consistently and well. In recent months the Executive Team has agreed to increase the number of project types that fall within the purview of our Programme Management Office to deliver more widespread benefit.

We have maintained our agreed risk management process consistently. As a consequence, our corporate risk register 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. In addition, there are plans in place to refine our approach to risk management further as we move forward – and this will be supported by our new, better aligned management structure.

Information risk reporting

There has been one incident relating to the loss of protected personal data. This related to a stolen personal laptop that had been used by a member of staff to store confidential data in contravention of policy. 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.

Review of risk management and internal control effectiveness

As Accounting Officer for Health Education England, I am responsible for reviewing the effectiveness the system of internal control. In this, I have been informed by the findings of our internal auditors, as well as managers in the organisation with responsibility for the development and maintenance of a robust internal control framework.

In preparing the Annual Governance Statement for 2014/15, I have also been informed by the findings of the National Audit Office.

In addition, I have been advised on the effectiveness of the arrangements in place by our Board, the Audit and Risk Committee and the Executive Team.

Our internal audit service is provided by the Department of Health. Our Internal Audit Plan for 2014/15 has now been delivered. In total, 17 specific audit reports were included in our agreed Internal Audit Plan for this year. Of these, limited assurance was provided in relation to three reports, these covered: cyber security; LETB control compliance; and our Transformation Fund and Workforce Development Budget. In addition, the report on contract management gave limited assurance regarding a specific element of what was covered – non-education contracts.

Comprehensive action plans have been agreed to address the recommendations of these reports, as well as those covering other areas. Progress with applying the recommendations will be monitored quarterly by the Executive Team and the Audit and Risk Committee.

The Head of Internal Audit for Health Education England is responsible for providing an opinion on the overall assurance arrangements we have in place. This opinion indicates that the arrangements we have had in place in 2014/15 provide moderate assurance overall. This opinion accurately reflects the fact that this past year has been one of change and development.

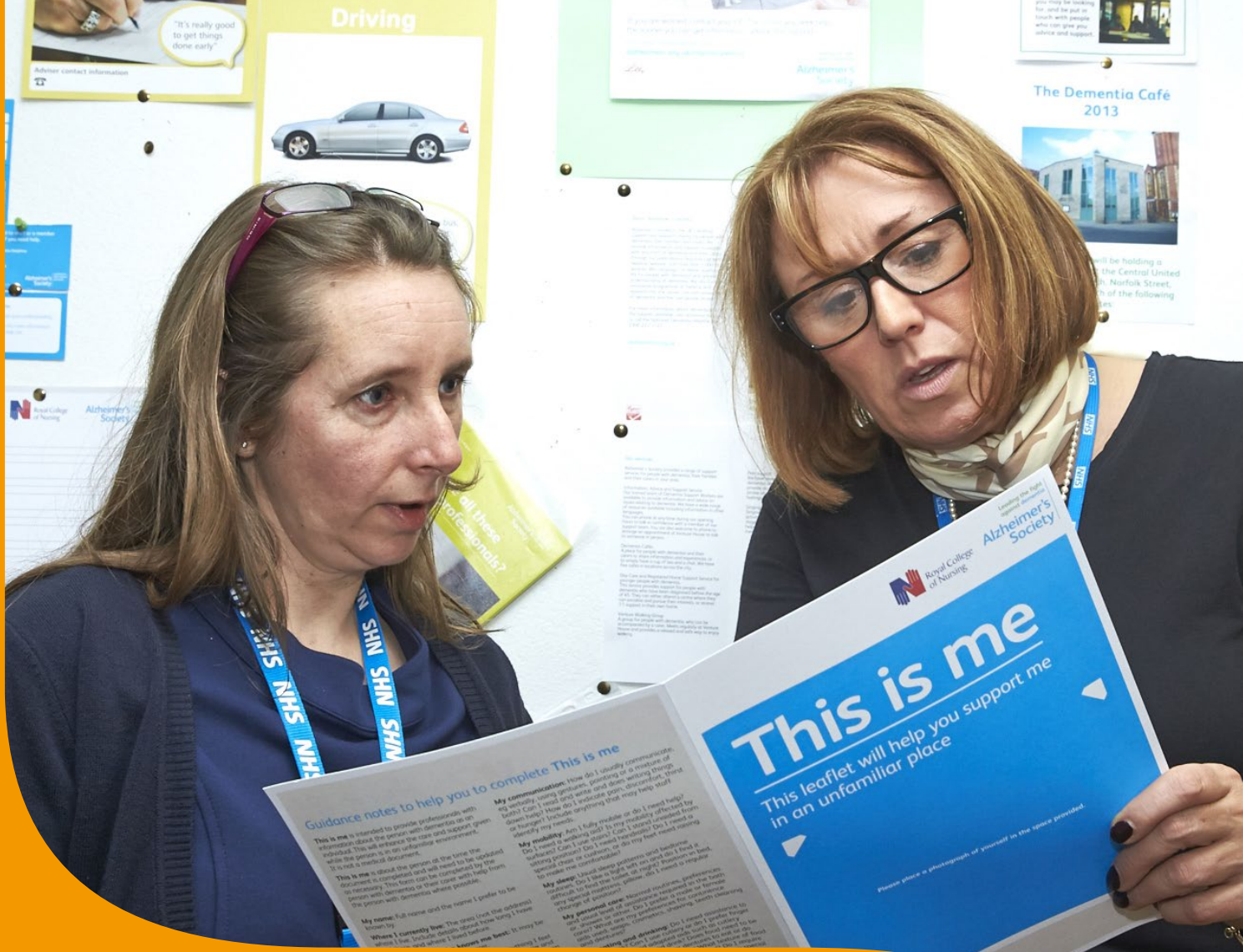
Conclusion

We have achieved a great deal during 2014/15. We worked closely throughout the year with our Department of Health sponsor team to ensure we were ready to assume Non-Departmental Public Body status successfully as of 1 April 2015.

We have negotiated extensive change management, to reduce our costs and create a leaner, more cohesive organisation. I am confident that the structural efficiencies that we have introduced across the organisation, together with the realignment of our corporate enabling functions, will provide a solid foundation for further improving the overall quality of our governance arrangements. We still have work to do however, to embed some of our recently revised operational processes.

My review confirms that Health Education England has a generally sound system of governance that supports the achievement of our aims, policies and objectives, yet recognises the challenges that lie ahead and the need to demonstrate continued progress as we move forward.

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 2015 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 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 2015 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.

Sir Amyas C E Morse
Comptroller and Auditor General

10 June 2015

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

Annual Accounts 2014/15

Statement of Comprehensive Net Expenditure for year ended 31 March 2015

		2014-15	2014-15 Admin	2014-15 Programme	2013-14
	Note	£000s	£000s	£000s	£000s
Gross employee benefits	7.1	135,473	58,379	77,094	130,422
Other costs	5	4,863,672	24,193	4,839,479	4,836,809
Other Operating revenue	4	(91,446)	(1,073)	(90,373)	(89,732)
Net operating costs before interest		**4,907,699**	**81,499**	**4,826,200**	**4,877,499**
Other gains and (losses)	9	0	0	0	0
Finance costs	10	0	0	0	0
Net operating costs before transfers by absorption		**4,907,699**	**81,499**	**4,826,200**	**4,877,499**
Net (Gain)/loss on transfers by absorption		0	0	0	(1,466)
Comprehensive Net Expenditure for the Year		**4,907,699**	**81,499**	**4,826,200**	**4,876,033**

There was no other income or expenditure for the year.

The gain on absorption in 2013/14 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 127 (in the Annual Report) form part of this account.

Statement of Financial Position as at 31 March 2015

		31 March 2015	31 March 2014
Non-current assets:	Note	**£000s**	£000s
Property, plant and equipment	11	1,079	1,674
Intangible assets	12	0	0
Trade and other receivables	15.1	878	1,872
Total non-current assets		**1,957**	**3,546**
Current assets:			
Trade and other receivables	15.1	54,687	36,890
Cash and cash equivalents	16	87,236	9,490
Total current assets		141,923	46,380
Total assets		**143,880**	**49,926**
Current liabilities			
Trade and other payables	17	281,039	209,266
Provisions	19	129	139
Other financial liabilities	18	0	0
Total current liabilities		**281,168**	**209,405**
Non-current assets less net current liabilities		**(137,288)**	**(159,479)**
Non-current liabilities			
Trade and other payables	17	0	0
Provisions	19	0	0
Total non-current liabilities		0	**0**
Total Assets Employed:		**(137,288)**	**(159,479)**
FINANCED BY:			
TAXPAYERS' EQUITY			
General Fund		**(137,288)**	**(159,479)**
Total Taxpayers' Equity:		**(137,288)**	**(159,479)**

The notes on pages 101 to 127 (in the Annual Report) form part of this account.

The financial statements on pages 97 to 127 (in the Annual Report) were approved by the Board on 4th June 2015 and signed on its behalf by

Chief Executive: Date: 4th June 2015

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s
Balance at 1 April 2014	**(159,479)**	**0**	**0**	**(159,479)**
Changes in taxpayers' equity for 2014-15				
Net operating cost for the year	(4,907,699)	0	0	(4,907,699)
Impairments and reversals	0	0	0	0
Transfers under modified absorption accounting	0	0	0	0
Release of reserves to Statement of Comprehensive Net Expenditure	0	0	0	0
Total recognised revenue/(expense) for the year	**(4,907,699)**	**0**	**0**	**(4,907,699)**
Net Parliamentary Funding	**4,929,890**	**0**	**0**	**4,929,890**
Balance at 31 March 2015	**(137,288)**	**0**	**0**	**(137,288)**

Balance at 1 April 2013	**(690)**	**0**	**0**	**(690)**
Changes in taxpayers' equity for the year ended 31 March 2014				
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)**

Statement of Cash Flows for the year ended 31 March 2015

		2014/15	2013/14
	NOTE	£000s	£000s
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(4,907,699)**	(4,877,499)
Depreciation and Amortisation	11	**785**	1,253
Other non cash movements in Statement of Financial Position items		**47**	(44,745)
Impairments and Reversals		**0**	0
(Increase)/Decrease in Trade and Other Receivables	15.1	**(16,803)**	(38,710)
Increase/(Decrease) in Trade and Other Payables	17 & 18	**71,773**	207,435
Provisions Utilised	19	**(10)**	(215)
Provisions Reversed	19	**0**	(582)
Increase/(Decrease) in Provisions	19	**0**	139
Net Cash Inflow/(Outflow) from Operating Activities		**(4,851,907)**	**(4,752,924)**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) for Property, Plant and Equipment	11	(237)	(1,794)
(Payments) for Intangible Assets		0	0
Net Cash Inflow/(Outflow) from Investing Activities		**(237)**	**(1,794)**
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**(4,852,144)**	**(4,754,718)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Parliamentary Funding	2.4	4,929,890	4,763,166
Net Cash Inflow/(Outflow) from Financing Activities		**4,929,890**	**4,763,166**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**77,746**	**8,448**
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period		9,490	1,042
Cash and Cash Equivalents (and Bank Overdraft) at year end	**16**	**87,236**	**9,490**

NOTES TO THE ACCOUNTS

1.0 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 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.

1.02 Going concern

Health Education England is a training and education-focussed organisation. As a consequence its liabilities are normally greater than its assets. 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 2015/16 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 expentiture 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.

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

Attrition of student cohorts is included in these accounts according to the individual contract terms. Most local offices 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 Other metrics on HEI contracts

Non benchmark price accruals are included in line with contract terms. These accruals cover the fees and expenses not included in the standard tuition fee (benchmark price).

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 2015.

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.

1.09 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.

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 2014-15. The application of the Standards as revised would not have a material impact on the accounts for 2014-15, were they applied in that year:

IFRS 9 Financial Instruments - subject to consultation
IFRS 13 Fair Value Measurement - Not yet adopted by HMT

2 Financial Performance Targets

2.1 Revenue Resource Limit

	2014/15	2013/14
	£000s	£000s
HEE's performance for the year ended 31 March 2015 is as follows		
Net operating cost for the financial year	4,907,699	4,876,033
Revenue Resource Limit	4,929,890	4,883,853
Under/(over) spend against Revenue Resource Limit	**22,191**	**7,820**

2.2 Capital Resource Limit

	2014/15	2013/14
	£000s	£000s
HEE is given a capital resource limit which it is not permitted to exceed.		
Gross capital expenditure	190	1,841
Capital resource limit	3,000	2,700
Under/(over) spend against Capital Resource Limit	**2,810**	**859**

2.3 Cash Limit

	2014/15	2013/14
	£000s	£000s
Total charge to Cash Limit	4,929,890	4,720,550
Cash Limit	4,931,890	4,885,453
Under/(Over) spend against Cash Limit	**2,000**	**164,903**

2.4 Reconciliation of Cash Drawings to Parliamentary Funding

	2014/15	2013/14
	£000s	£000s
Total Cash received from DH (Gross)	4,991,083	4,763,790
Legacy items paid by DH	0	42,616
Less Trade Income from DH	(58,942)	(57,455)
Less (plus) movement in DH receivable balances	(2,251)	14,215
Parliamentary funding credited to General Fund	**4,929,890**	**4,763,166**

3. Operating segments

HEE receives funding from the DH for programme and administration purposes. It further assesses 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 (£53.9 million).

	Future Workforce		Education Support		Workforce Development		National Activities		Other		Total Programme		Administration		Total HEE	
	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14	31/03/15	31/03/14
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Actual Spend	4,327,820	4,340,109	117,811	109,265	239,312	240,812	141,413	107,198	(156)	(1,659)	4,826,200	4,795,725	81,499	80,308	4,907,699	4,876,033
Revenue Resource Limit	4,342,522	4,364,487	122,075	110,302	232,532	202,868	149,871	117,382	0	1,961	4,847,000	4,797,000	82,890	86,853	4,929,890	4,883,853
Surplus Deficit	14,702	24,378	4,264	1,037	(6,780)	(37,944)	8,458	10,184	156	3,620	20,800	1,275	1,391	6,545	22,191	7,820

Analysis of Future Workforce

Expenditure	31/3/15	31/3/14
	£000's	£000's
Undergraduate Medical and Dental	903,055	959,304
Postgraduate Medical and Dental	1,805,248	1,780,362
Non-Medical	1,619,517	1,600,443
Total	**4,327,820**	**4,340,109**

This table analyses the £4,907,699,000 of comprehensive **net** expenditure shown on page 97 over our main business activities. Notes 4 and 5 on pages 111 and 112 illustrate the gross expenditure and revenue.

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

4. Revenue

4.1. Revenue from education and training activities

	2014/15	2014/15 Admin	2014/15 Programme	2013/14
	£000s	£000s	£000s	£000s
CCGs	318	0	318	166
CSUs	68	2	66	38
NHS England	8,460	253	8,207	11,038
NHS Trusts	1,324	102	1,222	1,573
NHS Foundation Trusts	6,911	118	6,793	9,833
Local Authorities	0	0	0	6
Department of Health	59,018	225	58,793	57,455
NHS other	45	3	42	1,889
Non-NHS	12,147	103	12,044	7,037
Total Revenue from education and training activities	**88,291**	**806**	**87,485**	**89,035**

The above revenue includes £54m National Institute of Health Research funding from the Department of Health.

4.2. Other operating revenue

	2014/15	2014/15 Admin	2014/15 Programme	2013/14
	£000s	£000s	£000s	£000s
Recoveries in respect of employee benefits	564	120	444	0
Other revenue NHS	343	86	257	247
Other revenue Non NHS	2,248	61	2,187	450
Total Other Operating Revenue	**3,155**	**267**	**2,888**	**697**
Total operating revenue for 2014/15	**91,446**	**1,073**	**90,373**	**89,732**

5. Operating expenses

	2014/15	2014/15 Admin	2014/15 Programme	2013/14
	£000s	£000s	£000s	£000s
Training & Educational Activities:				
Future Workforce*	**4,298,282**	0	4,298,282	4,321,827
Workforce Development	**236,133**	0	236,133	238,909
Education Support	**51,067**	0	51,067	45,608
National Programmes	**127,667**	0	127,667	95,337
Other	**67,279**	0	67,279	69,464
HEE Chair and Non-executive Directors	**103**	103	0	104
Supplies and services - clinical	**54**	1	53	124
Supplies and services - general	**873**	123	750	1,218
Consultancy services	**25**	15	10	338
Establishment	**42,258**	5,612	36,646	25,756
Transport	**21**	1	20	40
Premises	**32,926**	11,448	21,478	33,665
Depreciation	**785**	785	0	516
Amortisation	**0**	0	0	737
Provisions arising/(released) during the year	**0**	0	0	(443)
Statutory audit fees (NAO)	**180**	180	0	200
Internal audit and assurance services	**397**	397	0	189
Clinical negligence	**0**	0	0	0
Research and development (excluding staff costs)	**0**	0	0	0
Education and Training	**5,449**	5,449	0	1,606
Other operating expenses	**173**	79	94	1,614
Total Operating expenses (excluding employee benefits)	**4,863,672**	**24,193**	**4,839,479**	**4,836,809**
Employee benefits				
Employee benefits excluding Board members	**134,064**	56,970	77,094	128,998
Board members	**1,409**	1,409	0	1,424
Total employee benefits	**135,473**	**58,379**	**77,094**	**130,422**
Total operating expenses	**4,999,145**	**82,572**	**4,916,573**	**4,967.231**

*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

				2014-15	2013-14
	Land £000s	Buildings £000s	Other £000s	**Total £000s**	£000s
Payments recognised as an expense					
Minimum lease payments	0	414	57	**471**	493
Contingent rents	0	0	0	**0**	0
Sub-lease payments	0	0	0	**0**	0
Total	**0**	**414**	**57**	**471**	**493**
Payable:					
No later than one year	0	414	31	**445**	471
Between one and five years	0	1,110	55	**1,165**	1,609
After five years	0	384	0	**384**	641
Total	**0**	**1,908**	**86**	**1,994**	**2,721**

7. Employee benefits and staff numbers

7.1 Employee benefits

	2014-15			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	112,236	43,119	69,117	77,751	37,642	40,673	33,921	5,477	28,444
Social security costs	6,712	3,567	3,145	6,702	3,567	3,145	0	0	0
Employer Contributions to NHS BSA - Pensions Division	9,223	4,552	4,671	9,233	4,552	4,671	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	7,866	7,261	605	7,866	7,261	605	0	0	0
Total employee benefits	**136,037**	**58,499**	**77,538**	**101,552**	**53,022**	**49,094**	**33,921**	**5,477**	**28,444**
Less recoveries in respect of employee benefits (table below)	(564)	(120)	(444)	(564)	(120)	(444)	0	0	0
Total - Net Employee Benefits	**135,473**	**58,379**	**77,094**	**100,988**	**52,902**	**48,650**	**33,921**	**5,477**	**28,444**
Employee Benefits 2014-15 - revenue	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Salaries and wages	564	(120)	(444)	(564)	(120)	(444)	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	**564**	**(120)**	**(444)**	**(564)**	**(120)**	**(444)**	**0**	**0**	**0**

	Total	Permanently employed	Other
Gross Employee Benefits & Net expenditure 2013-14	**£000s**	**£000s**	**£000s**
Salaries and wages	113,256	67,573	45,683
Social security costs	5,649	5,649	0
Employer Contributions to NHS BSA - Pensions Division	8,137	8,137	0
Other pension costs	0	0	0
Other post-employment benefits	0	0	0
Other employment benefits	0	0	0
Termination benefits	3,380	1,833	1,547
Total - Net Employee Benefits	**130,422**	**83,192**	**47,230**
Less recoveries in respect of employee benefits	0	0	0
Total - Net Employee Benefits	**130,422**	**83,192**	**47,230**

7.2 Staff Numbers

	2014-15			Permanently employed			Other			2013-14
Average Staff Numbers (Whole Time Equivalent)	Total	Admin	Programme	Total	Admin	Programme	Total	Admin	Programme	Total
Medical and dental	210	31	179	207	31	176	3	0	3	243
Ambulance staff										
Administration and estates	1919	855	1064	1503	768	735	416	87	329	1985
Healthcare assistants and other support staff										
Nursing, midwifery and health visiting staff										
Nursing, midwifery and health visiting learners										
Scientific, therapeutic and technical staff										1
Social Care Staff										
Other										
TOTAL	**2129**	**886**	**1243**	**1710**	**799**	**911**	**419**	**87**	**332**	**2229**

7.3 Staff Sickness absence and ill health retirements

	2014-15
Gross Employee Benefits & Net expenditure 2012-13	
WTE-Days Available	374,755
WTE-Days Lost to Sickness Absence	9,471
Average Sick Days per WTE	5.7 days
Staff sickness absence is reported for the calendar year 2014	

There were no ill health retirements during 2014/15

7.4 Exit Packages agreed in 2014-15

	2014-15			2013-14		
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	2	4	6	16	0	16
£10,001-£25,000	**5**	**26**	**31**	**16**	**0**	**16**
£25,001-£50,000	**6**	**16**	**22**	**20**	**0**	**20**
£50,001-£100,000	**6**	**10**	**16**	**10**	**0**	**10**
£100,001 - £150,000	**0**	**11**	**11**	**5**	**0**	**5**
£150,001 - £200,000	**1**	**1**	**2**	**3**	**0**	**3**
>£200,000	**3**	**8**	**11**	**1**	**0**	**1**
Total number of exit packages by type (total cost)	**23**	**76**	**99**	**71**	**0**	**71**
Total resource cost (£s)	**1,517,415**	**5,376,863**	**6,894,278**	**3,379,895**	**0**	**3,379,895**

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 2014/15.

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 2014/15

8. Better Payment Practice Code

Prompt payment of HEE suppliers is a priority for all HEE staff. Information on our performance in this area is given at page 62.

8.1 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 and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and fittings	Total
2014-15	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Cost or valuation:									
At 1 April 2014	**0**	**1,222**	**0**	**0**	**0**	**0**	**869**	**99**	**2,190**
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	0	0	0
Additions Purchased	0	0	0	0	0	0	190		190
At 31 March 2015	**0**	**1,222**	**0**	**0**	**0**	**0**	**1,059**	**99**	**2,380**
Depreciation At 1 April 2014	0	283	0	0	0	0	207	26	516
Charged During the Year	0	451	0	0	0	0	285	49	785
At 31 March 2015	**0**	**734**	**0**	**0**	**0**	**0**	**492**	**75**	**1,301**
Net Book Value at 31 March 2015	**0**	**488**	**0**	**0**	**0**	**0**	**567**	**24**	**1,079**
Purchased	0	488	0	0	0	0	567	24	1,079
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 2015	0	488	0	0	0	0	567	24	1,079
Asset financing:									
Owned	0	488	0	0	0	0	567	24	1,079
Total at 31 March 2015	**0**	**488**	**0**	**0**	**0**	**0**	**567**	**24**	**1,079**

	Land	Buildings excluding dwellings	Dwellings	Assets under construction and payments on account	Plant and machinery	Transport equipment	Information technology	Furniture and 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	939	0	0	0	0	662	73	0
Total at 31 March 2014	0	939	0	0	0	0	662	73	1,674

11.1 Economic Lives of Non-Current Assets

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

12. Intangible non-current assets

	Software internally generated	Software purchased	Licences and trademarks	Patents	Development expenditure	Total
2014-15	£000's	£000s	£000's	£000s	£000's	£000's
At 1 April 2014	**1,976**	**60**	**0**	**0**	**212**	**2,248**
Transfers under Modified Absorption Accounting	0	60	0	0	0	0
Transfers under Absorption Accounting	0	0	0	0	0	0
Additions - purchased	0	0	0	0	0	0
At 31 March 2015	1,976	60	0	0	212	2,248
Amortisation						
At 1 April 2014	1,976	60	0	0	212	2,248
Transfers under Absorption Accounting	0	0	0	0	0	0
Charged during the year	0	0	0	0	0	0
At 31 March 2015	**1,976**	**60**	**0**	**0**	**212**	**2,248**
Net Book Value at 31 March 2015	0	0	0	0	0	0
Net book value at 31 March 2015 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 2015	**0**	**0**	**0**	**0**	**0**	**0**

	Software internally generated	Software purchased	Licences and 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**

13. Commitments

13.1 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 £900 million 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 2014/15, 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 2015	31 March 2014
	£000s	£000s
Not later than one year	2,670	2,192
Later than one year and not later than five year	4,120	6,021
Later than five years	0	98
Total	**6,790**	**8,311**

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	13,076	0	56,250	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	26,796	0	71,984	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	14,815	878	152,805	0
At 31 March 2015:	**54,687**	**878**	**281,039**	**0**
Balances with other Central Government Bodies	16,616	0	26,764	0
Balances with Local Authorities	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**

15.1 Trade and other receivables

	Current		Non-current	
	31 March 2015	31 March 2014	**31 March 2015**	31 March 2014
	£000s	£000s	**£000s**	£000s
NHS receivables - revenue	13,996	26,835	0	0
NHS prepayments and accrued revenue	25,166	359	0	0
Non-NHS receivables - revenue	11,922	9,220	1,793	1,872
Non-NHS prepayments and accrued revenue	9,377	3,561	0	0
Provision for the impairment of receivables	(6,676)	(5,263)	(915)	0
VAT	710	2,135	0	0
Other receivables	192	43	0	0
Total	**54,687**	**36,890**	**878**	**1,872**
Total current and non current	**55,565**	**38,762**	**0**	**0**

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 2015	31 March 2014
	£000s	£000s
By up to three months	1,407	222
By three to six months	188	83
By more than six months	670	0
Total	**2,265**	**305**

15.3 Provision for impairment of receivables

	31 March 2015	31 March 2014
	£000s	£000s
Balance at 1 April 2014	(5,263)	0
Amount written off during the year	0	0
Amount recovered during the year	0	0
(Increase)/decrease in receivables impaired	(2,328)	(5,263)
Balance at 31 March 2015	**(7,591)**	**(5,263)**

Included in the above is £7,574k relating to provision for student debts that may not be recoverable.

16 Cash and Cash Equivalents

	31 March 2015	31 March 2014
	£000s	£000s
Opening balance	9,490	1,042
Net change in year	77,746	8,448
Closing balance	87,236	9,490
Made up of		
Cash with Government Banking Service	87,236	9,490
Commercial banks	0	0
Cash in hand	0	0
Cash and cash equivalents as in statement of financial position	**87,236**	**9,490**
Bank overdraft - Government Banking Service	0	0
Bank overdraft - Commercial banks	0	0
Cash and cash equivalents as in statement of cash flows	**87,236**	**9,490**

17. Trade and other payables

	Current		Non-current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000s	£000s	£000s	£000s
NHS payables - revenue	83,443	62,154	0	0
NHS accruals and deferred revenue	42,557	16,708	0	0
Non-NHS payables - revenue	37,621	58,581	0	0
Non-NHS payables - capital	0	47	0	0
Non-NHS accruals and deferred revenue	113,827	68,287	0	0
Social security costs	925	905	0	0
VAT	0	0	0	0
Tax	1,309	1,284	0	0
Payments received on account	0	0	0	0
Other	1,357	1,300	0	0
Total	281,039	209,266	0	0
Total payables (current and non-current)	281,039	209,266	0	0

18. Deferred revenue

	Current		Non-current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	£000s	£000s	£000s	£000s
Opening balance at 1 April 2014	**124**	**0**	**0**	**0**
Deferred revenue addition	73	124	0	0
Transfer of deferred revenue	0	0	0	0
Current deferred Revenue at 31 March 2015	**197**	**124**	**0**	**0**
Total deferred revenue (current and non-current)	**197**	**124**	**0**	**0**

19. Provisions

	Total	Comprising: Pensions to Former Directors	Pensions Relating to Other Staff	Legal Claims	Restructuring	Other	Restructuring
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2014	139	0	0	139	0	0	0
Arising During the Year	0	0	0	0	0	0	0
Utilised During the Year	(10)	0	0	(10)	0	0	0
Reversed Unused	0	0	0	0	0	0	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	0	0	0	0	0	0	0
Balance at 31 March 2015	129	0	0	129	0	0	0
Expected Timing of Cash Flows:							
No Later than One Year	129	0	0	0	0	0	0
Later than One Year and not later than Five Years	0	0	0	0	0	0	0
Later than Five Years	0	0	0	0	0	0	0

19.1 Contingencies

	31 March 2015	31 March 2014
Contingent liabilities	£000s	£000s
Other - legal cases	2,068	2,068
Amounts Recoverable Against Contingent Liabilities	0	0
Net Value of Contingent Liabilities	2,068	2,068
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 2015 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	39,162	0	46,102
Receivables - non-NHS	0	22,201	0	16,152
Cash at bank and in hand	0	87,236	0	87,236
Other financial assets	0	0	0	0
Total at 31 March 2015	**0**	**148,559**	**0**	**149,490**
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**

20.3 Financial Liabilities	At 'fair value through profit and loss'	Other	Total
	£000s	£000s	£000s
Embedded derivatives	0	0	0
NHS payables	0	126,000	134,481
Non-NHS payables	0	151,448	142,968
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2015	**0**	**277,448**	**277,449**
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**

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 the date that they were certified by The Comptroller and Auditor General.

On the 31st March 2015 Health Education England closed as a Special Health Authority. On the 1st April 2015 it entered a new legal status of Non Departmental Public Body. All responsibilities, assets and liabilities transferred to the new organisation.

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
	£'000	£'000	£'000	£'000
Sir Stephen Moss. Non Executive Director, Derby Hospitals NHS Foundation Trust	31,245	124	263	41
Mary Elford. Non Executive Director, East London Foundation Trust	10,401	1	1,900	0
David Croisdale-Appleby Skills for Care	115	0	0	0
David Croisdale-Appleby Department for Health	760	58,793	356	11,964

Related party transactions show the value of business undertaken with the organisations mentioned above, where the relevant HEE director also works for that named organisation.

23. Losses and special payments

There were no material losses or special payments made in 2014/15.

NHS
Health Education England

If you would like to know more about our work, or have a comment or suggestion, then visit our website at:
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