



Foundation Trust Network operating as  
NHS PROVIDERS

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TRUSTEES' ANNUAL REPORT  
AND ACCOUNTS  
FOR THE YEAR ENDED  
31 MARCH 2016

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## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

The trustees are pleased to present their annual trustees' report together with the consolidated financial statements of the charity and its subsidiary for the year ended 31 March 2016. The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the organisation's memorandum and articles of association, and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014.

### STRATEGIC REPORT

The information below, including the review of activities, financial review, risk management statement and summary of future plans forms the strategic report for the purpose of the Companies Act 2006.

The report and financial statements also meet the requirement for a directors' report and accounts under the Companies Act.

### ABOUT US

The charity's objects are: *the relief of sickness and the preservation and protection of public health through the support of its members as providers of healthcare within the NHS.*

During the year NHS Providers had one wholly owned trading subsidiary company: FTN Trading Limited trading as NHS Providers Trading Limited (company ref 07940647) to operate its annual conference.

### ABOUT THE PERIOD COVERED BY THIS REPORT

This report covers all the group's activities from 1 April 2015 until 31 March 2016.

## CHAIR'S REPORT

NHS Providers has had another successful year supporting and representing one of the most important set of organisations in our national life – the 248 NHS acute hospital, ambulance, community and mental health foundation trusts and trusts who provide frontline healthcare to England's 53 million population.

Our members have faced a growing set of financial and operational challenges and, as evidenced through the excellent results in our member, stakeholder and staff surveys, we have increased the effectiveness of our support to them. We have developed a more wide reaching and engaging public voice; increased the effectiveness of our influencing activity; expanded our support offer and become a more professional organisation.

I am grateful to my fellow trustees – 20 busy trust chairs and chief executives – for their time and commitment over a busy year. The board as a whole would also like to thank our staff team for their hard work and our members for their continuing support.

### **Dame Gill Morgan**

Chair, NHS Providers

## OUR OBJECTIVES AND ACTIVITIES

NHS Providers is required by charity and company law to act within the objects of its memorandum of association.

The purpose of the charity, as stated therein, is to enable our members to provide high quality healthcare within the NHS thereby relieving sickness and protecting public health.

We uphold our duty of public benefit by being an outstanding membership organisation and trade association supporting the NHS providers who provide frontline healthcare to England's 53 million population. Our members include NHS acute hospitals, community, mental health and ambulance service foundation trusts and trusts that, together, deliver three million patient transactions each week, employ over 950,000 staff and have a combined annual turnover of around £70 billion.

The trustees confirm that they have complied with the duty in section 17 of the Charities' Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. NHS Providers' public benefit is enshrined in its charitable objectives as outlined above.

## OUR VISION

An outstanding membership organisation and trade association for all NHS providers, unrivalled in the influence, voice and support we offer our members.

## OUR THREE YEAR MISSION

To support members to deliver high quality, sustainable NHS care for their patients and service users.

## OUR THREE YEAR STRATEGIC OBJECTIVES

Our four strategic objectives remain the same in our new three-year strategy:

- **Influence:** to shape the financial, policy, quality, workforce, governance and regulatory system and environment in which our members operate.
- **Voice:** to be the collective voice of NHS healthcare providers, reflecting the diversity of our membership, and championing their interests in the media, government, the NHS and wider healthcare community.
- **Support:** to help our members drive improvement and innovation through effective shared development, support and learning.
- **Professional:** creating an organisation that is fit for purpose, provides outstanding value for money to our members and continually improves.

## KEY ACHIEVEMENTS AND PERFORMANCE

During 2015/16 we have been committed to supporting NHS foundation trusts and trusts through the unprecedented financial, structural and reputational challenges they have faced. Building on the strong foundations we have established in previous years, we have effectively influenced policy-makers and NHS leaders across a number of key areas that are critical to the long-term success of trusts and the wider health and care system.

The following details our key achievements in each of our four strategic objectives: influence, voice, support and professional. In each area we have delivered on the key priorities for 2015/16 we set out in our last annual report.

### INFLUENCE

During 2015/16 we aimed to shape the financial, quality, workforce, governance and regulatory policy, system and environment in which NHS foundation trusts and trusts operated, as well as offering solutions to the challenges they faced. This included:

#### NHS FINANCES

- The NHS is experiencing the longest and deepest financial squeeze in its history. Restoring financial stability has been one of the key challenges facing our members, and we have provided a strong voice on behalf of trusts back to policy-makers on NHS finances both at a strategic and detailed level. In particular, we have argued the case that the financial challenge facing the NHS is systemic, not an isolated issue facing individual trusts. This has helped to influence the wider narrative on NHS funding levels and whether we are devoting enough of our national wealth to health and care.
- We were one of the most prominent voices at the time of the government's spending review, to successfully make the case for the NHS to be protected from the funding cuts experienced by other parts of the public sector. Our finance survey in April 2015 highlighted the scale of the anticipated provider sector budget deficit for

2015/16, ensuring that the need for urgent action has stayed firmly on the agenda.

- We have also been a prominent commentator and influencer on the detailed financial arrangements under which our members operate. This included how NHS payment systems have been developed by the government and its arm's length bodies. We made sure, for example, that how providers are paid for their work – via the tariff – gained national attention with our campaigning on the tariff objection mechanism in the House of Lords. We have also helped providers to navigate through the complexity of NHS contracting, promoting better contracting arrangements and practice in the process. Finally, we have been an important source of influence and support for our members on the development of a new system of financial control totals.

### REGULATION

- We have been an important influence on the shape of the Care Quality Commission's new regulatory strategy, particularly on the affordability of the current model and advocating for more proportionate and risk-based regulation, as well as greater consistency of judgements. We have facilitated regular dialogue between trusts and the senior leadership of the CQC. We have also surveyed trust leaders on their experience of the regulatory and oversight bodies, using the results to underpin our discussions with the regulators. These activities have helped to achieve some notable concessions, such as changes to the metrics in the proposed risk assessment framework. We will continue to work with the CQC to ensure its regulatory and inspection approach reflects the reality in which providers are operating.

### MENTAL HEALTH

- In late 2015, NHS Providers' *Right place, right time* commission captured evidence and good practice in transfers of care in all settings involving trusts across the acute, ambulance, community and mental health services. Led by the former care minister and chair of the Tavistock and Portman NHS Foundation Trust, the Rt Hon Paul Burstow, the commission offered practical approaches, drawing on good practice in health, local government,

social care and housing. It provided a valuable source of support for trusts and their partners to tackle the causes of delayed transfers of care in all settings.

### RELATIONSHIP BUILDING

- More generally, we have continued to develop stronger and deeper relationships with government, including ministers and Department of Health officials, and senior leaders in the department's arm's length bodies. This has enabled us to influence effectively on behalf of the trusts in our membership. This was reflected in the continued positive perceptions of our work in our annual stakeholder research by Ipsos MORI. This independent research demonstrated that we have a very strong reputation with policy-makers and other key stakeholders, and are regarded as a key influencer on the development of policies that affect trusts.

### VOICE

During 2015/16 we continued to be a strong, collective voice for NHS healthcare providers by reflecting the diversity of our membership, and championing their interests to government, across the NHS and wider healthcare community, and in the media. This included:

### NATIONAL COMMENTATOR

- NHS Providers has become one of the go-to organisations for comment and analysis on issues affecting NHS foundation trusts and trusts. In particular, our experts have been in demand for commentary and analysis on the state of NHS finances, regularly featuring on national platforms such as the health select committee, and mainstream news outlets, such as the BBC Radio 4 Today programme. We have continued to publish a high volume of articles in the national print and trade media, regularly securing slots in outlets such as the Guardian, Health Service Journal and British Medical Journal.

### NEW CARE MODELS

- We have been a prominent voice, working alongside colleagues at NHS England, to inform the development of new care models. Working in partnership with NHS Clinical Commissioners, NHS Confederation and the Local Government Association, we have played a lead role in spreading the learning from the new care model 'vanguards' to other parts of the health and care system. At our suggestion, NHS England ran their first consultative workshop dedicated to the scaling and spread of new care models nationally.

### A VALUED STAKEHOLDER

- More generally, we have continued to be a strong advocate of the interests of trusts and the patients they care for by representing their views at many of the most important national policy forums. We were represented on almost 30 advisory groups, including the NHS *Five year forward view* implementation boards such as: the workforce advisory board, the national efficiency board and the new care models board. As our independent stakeholder perceptions research indicates, we have demonstrated over the past year that we are able to balance being a supportive system influencer with being a muscular, influential and effective advocate of our members' interests.

### SUPPORT

During 2015/16 we aimed to help trusts to drive improvement and innovation through shared development, support and learning. This included:

### EVENTS AND NETWORKING

- As well as the policy work we have undertaken to provide a strong voice for trusts, we have also provided a number of networking forums, conferences and programmes that have supported trust boards and the individuals that lead them. In 2015/16 we held over 200 events which were attended by more than 3,800 delegates, with over 90% of delegates rating the events as either good or excellent.

- We held a number of roundtable events that brought together trust chief executives and chairs with key senior figures in the Department of Health and its arm's length bodies. While we also supported a number of events run by central bodies, including a major conference for NHS Improvement ahead of its launch in early 2016. These forums demonstrated the vital conduit we are between national leaders and those running NHS foundation trusts and trusts.
- Our flagship annual conference and exhibition in Birmingham attracted more than 500 senior leaders from NHS foundation trusts and trusts, as well as policy-makers and stakeholders, with 89% rating the event as good or excellent. It placed NHS Providers at the centre of debate at a critical time for the NHS as it came just ahead of the autumn spending review.
- Finally, following our merger with the Foundation Trust Governors' Association in 2014/15, the new governor policy board elected its first governor chair, ensuring the views of this important voice are represented in the work and governance of NHS Providers.

### BRIEFINGS AND ANALYSIS

- One of our most valued services is the rapid analysis we produce for trusts at times of major policy developments. In 2015/16 we produced well over 60 briefings – a large number of these were issued on the day of major announcements, thereby giving trusts access to instant analysis. In particular, in the busy post-election period, we produced a large number of *on the day briefings* to keep trusts up to date on key policy announcements as they happened.

### GUIDES

- We launched a well-received publication jointly with the NHS Confederation on the governance implications of new provider models arising from a review by Sir David Dalton.

### PROFESSIONAL

During 2015/16 we aimed to deliver high professional standards across our work, ensuring that we are an organisation that is fit for purpose and provides outstanding value for money to our members:

- With a total of 227 members, NHS Providers currently has 96% of the 237 eligible foundation trusts and trusts in membership. In response to our annual membership survey, 95% of member survey respondents said they were very or fairly satisfied with the work of NHS Providers along with 98% saying that membership is very or fairly important to them. Ninety-eight per cent of members would also speak positively about NHS Providers; a 5% improvement since 2014/15.
- We undertook a review of our 2013-16 strategy and have developed a new strategy for the coming three years (2016-19), consulting with the NHS Providers board, staff and our members. We have a strategy in place that is fit for purpose and supported by the trusts in our membership.
- Our key asset is our staff and we have taken forward a number of developments to enhance NHS Providers as a place to work. In our annual survey for the 2015/16 year, 100% of NHS Providers staff said they would recommend the organisation as a place to work and the same number believed that their colleagues were committed to delivering high quality services.
- We achieved a 5% increase in income gained for 2015/16, further demonstrating the financial stability of the organisation.
- Finally, four years after our establishment as an independent organisation, the NHS Providers board put in place a review of governance arrangements to ensure we remain fit for purpose and explore membership options in line with changes to provider models.

## PLANS FOR THE FUTURE

We are working across the full range of issues that affect trusts, drawing on the perspectives and experience of the trusts in our membership. We are uniquely placed to do this given that trusts in our membership span 227 of the 237 acute, ambulance, community and mental health trusts in England. Our priorities for 2016/17 are outlined below in our four strategic objectives of: influence, voice, support and professional.

### INFLUENCE

During 2016/17 we will continue to shape the financial, policy, quality, workforce, governance and regulatory system and environment in which NHS foundation trusts and trusts operate. As well as continuing to provide our regular activities in this area, we will also expand our proactive policy work into a 'thought leadership' function that identifies solutions to the major challenges facing the NHS. We will help to set the policy agenda where trusts need it to be set; use the insights and experiences of those leading trusts to draw out practical solutions; and deliver rigorous, evidence-based thinking and analysis. The following outlines some of our key priorities in this area:

- **Shaping the delivery of care:** we will work with trusts, stakeholders, policy-makers and opinion formers to influence the shape of the health service and inform policies that are developed to improve the way care services are organised and delivered. We will work with trusts to shape future delivery and support the implementation of the NHS *Five year forward view*.
- **Finance and sustainability:** we will support trusts to move back to financial balance and provide a strong voice on their behalf back to policy-makers on the future direction of finance policy and the need for honesty and realism in what policy makers ask of the service given its budget. In particular, we will inform decisions on NHS payment systems; help providers to navigate through the complexity of NHS contracting; and promote better contracting arrangements and practice.

- **Quality of care:** we will support trusts to deliver effective leadership and assurance that supports continuous improvement in the quality of care, as well as providing practical tools and resources for trusts to share and spread best practice. We will aim to influence the national policy and regulatory agenda on quality, helping develop sector-led support to complement government-led initiatives and to share good practice in delivering quality of care. In particular, we will focus on the role of the trust board in leading quality and creating a quality improvement culture.
- **The NHS workforce:** our work in this area will focus on supporting the NHS at large in its workforce planning, as well as helping to bring about the more strategic approach to workforce planning that is needed. We will address issues of strategic planning, workforce supply, contract reform and wider pay issues – all in the context of the move to seven-day services and in the light of the implications of Brexit which, we will carefully monitor, as the impact upon the NHS workforce becomes clear.
- **Regulation:** working with the key regulators the Care Quality Commission and NHS Improvement, we will help ensure NHS regulatory systems are proportionate and that the burdens of regulation do not grow unduly. We will work with trusts and the regulators to shape the overall regulatory framework and help to ensure that regulation does not impede providers from delivering high quality services to patients. In particular, we will focus on the need for clarity of the different regulators' roles, especially the regulatory and improvement functions of NHS Improvement.
- **Governance:** good governance is central to high performing providers meeting their challenges. We will continue to keep a strong focus on governance and promote the principles underpinning the foundation trust model; highlight and support the important leadership and accountability role of trust boards; and to make the clear connections between regulation and governance.



## VOICE

During 2016/17 we will continue to be a strong, collective voice for NHS healthcare providers by championing their interests to government, across the NHS and wider healthcare community, and in the media. The following outlines some of our key priorities in this area:

- We will be the go-to voice on issues affecting NHS providers, speaking forcefully on behalf of trusts as they strive to restore financial balance, meet tough performance targets, and deliver transformational change. We will be prominent on a range of national forums and in the media to ensure the views and needs of our members are understood at the highest levels. As part of this, we will be a constructive partner with government, all parts of the health and social care system, voluntary sector, and wider public sectors.
- We will provide more opportunities for surfacing the views of the trusts in our membership by launching a new publication series called *Provider voices*. This will feature interviews with trust chairs and chief executives on some of the most critical challenges facing the NHS and how they can be met. We will promote debate and discussion on these key topics and ensure policy-makers and stakeholders are engaged in the content.
- We will deliver further enhancements to our digital and social media activities by developing our website, widening our reach on social media channels, and providing more commentary and analysis via our blog.

## SUPPORT

During 2016/17 we will continue to help trusts drive improvement and innovation through shared development, support and learning. The following outlines some of our key priorities in this area:

- **Delivering new care models:** there is broad consensus behind the vision of the NHS *Five year forward view* and the move to develop new models of care, such as accountable care organisations. We will provide support to trusts on how they can move to new care models – both to improve quality of care and the patient experience, as well as meeting the efficiency challenge. We will

support trusts as they join new organisational forms, and we will tailor our membership offer to fully understand and meet the needs of these new organisations (while remaining a membership organisation for non-profit making providers). We will also spread learning from the vanguards to all providers and other parts of the health and social care system.

- **Expanding our provider support, development and improvement offer:** we run a range of development programmes and courses to equip and support trusts and the individuals that run them in their roles. We already provide support to trust boards that are preparing for foundation trust status, but over the next year we will build on our expertise and our existing programmes by expanding the support we provide in this area. In conjunction with NHS Improvement, we will launch a new board development programme that supports trusts to deliver their strategic, financial and transformational challenges. In addition, we will continue to provide GovernWell – a national training programme that provides support for NHS foundation trust governors. We will also support a second cohort of NHS leaders to undertake our development programme for aspiring chief executives. This programme is providing a route to leadership roles for the next generation of chief executives.
- **Networking and support:** more generally, we will continue to support trusts to develop and improve through shared learning and enabling them to come together to explore solutions to the challenges they face now and into the medium and long term future. We will continue to run 13 networks that provide trusts with the opportunity to keep up to date with latest developments in health policy, hear from peers and external experts on emerging good practice, and engage in dialogue with system leaders. In 2016/17 we will continue to promote debate and discussion through, for example: our flagship annual conference and exhibition in November 2016, and our annual lecture in September 2016 which will be delivered by former secretary of state for health, The Rt Hon Andrew Lansley CBE. On top of this, we will run a number of roundtables that bring chairs and chief executives together with key stakeholders to improve policy-making and practice.

## PROFESSIONAL

During 2016/17 we will continue to enhance NHS Providers as a high performing, cost efficient and sustainable organisation in order to help trusts drive improvement and innovation through shared development, support and learning. The following outlines some of our key priorities in this area:

- **Member engagement:** NHS Providers will continue to provide high quality support and services to our members. As part of this, we will continue to improve our systems to capture and deploy intelligence about trusts in our membership, and introduce an extended member visit plan for our senior leadership team.
- **Governance review:** four years after our establishment as an independent organisation, the board of NHS Providers has put in place a review of governance arrangements to ensure we remain fit for purpose and explore membership options in line with changes to provider models. We will implement the recommendations from this review in 2016/17.
- **Strengthening our commercial partnerships and activities:** we recognise the significant contribution that commercial organisations can make in ensuring trusts deliver exceptional care. Over the next year and beyond we will explore a new category of associate membership which would enable us to deepen our relationships with those organisations and enable trusts to benefit from their knowledge and expertise.
- **Staff satisfaction:** we will endeavor to sustain the high levels of staff satisfaction that we currently enjoy at NHS Providers. In our most recent annual survey, 100% of NHS Providers staff said they would recommend the organisation as a place to work and the same number believed that their colleagues were committed to delivering high quality services.
- **Relationship with the NHS Confederation:** following the appointment of a new NHS Confederation chair, we will review our relationship with the NHS Confederation to ensure that we minimise duplication and maximize value to our respective members.
- **General data protection regulation:** we will carefully monitor the implications of the new general data protection regulation prior to its application in May 2018, to ensure that all our systems are appropriately compliant within the UK's new European relationships.

## FURTHER INFORMATION AND CONTACT DETAILS

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## FINANCIAL REVIEW

NHS Providers, as a membership organisation, receives the majority of its recurring income from membership subscriptions. Additional annual income is derived from workshops and training services to members - as well as from commercial agreements including (but not limited to) event sponsorship. NHS Providers does not raise funds directly from the public, although it does accept unsolicited donations. NHS Providers received grant income from the NHS Trust Development Authority to run the preparation programme. All of these funding sources enable the charity to deliver its objectives of voice, influence, support and professional.

Under its current strategy, NHS Providers aims to:

- fully utilise its subscription income in the delivery of its services to members;
- fully utilise any grant income in accordance with the terms of its grant agreement; and
- make a surplus or to achieve break-even on the provision of any additional commercial services to members, such as workshops and training.

Income included within charitable activities has increased from £507,628 to £764,995. This is due to a higher element of bespoke programmes income as well as a significant number of contractual service agreements and collaborative projects.

Income from trading activities includes subscription income of £3,262,240 (2015: £3,107,650) and income from the subsidiary.

Subscription income increased by 5% from 2015 to 2016 due to an annual increase in membership fees of 2% and the inclusion of a subscription fee uplift for the governor support offer to applicable trusts which totalled £110,250.

Expenditure increased by 6% to £4,448,285 (2015: £4,178,716), due to externally recharged costs, and a small increase in staff numbers.

NHS Providers realised a small consolidated surplus of £123 for the year ending 31 March 2016 (2015: £60,361).

The charity's wholly owned subsidiary, FTN Trading Limited, continued to trade well but experienced a fall in revenue of 14%. Income fell from £486,430 to £418,721 for the year ended 31 March 2016. For 2016 FTN Trading Limited realised a surplus of £68,156 (2015: £145,692).

## RESERVES POLICY

In the trustees' view, the reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives should a shortfall in income occur, taking into account potential risks. Reserves are also maintained to further the strategic aims of the charity and to maximise business growth opportunities, subject to approval by the finance and general purposes committee. In the event that the charity were to cease, reserves are set at a level that allows the charity to meet all necessary obligations and commitments to staff and third parties.

To meet the above objectives, it has been agreed by the board that free reserves should be above £1,000,000. This was set at a level sufficient to cover five to six months of liabilities in the event of winding up and includes an estimate of the cost of redundancy payments. This approach is considered prudent in the current climate. The level of free reserves for the group is defined as general unrestricted funds excluding tangible fixed assets which cannot be readily liquidated.

At year end the group had a level of free reserves of £1,099,084, well above the reserve level set. The level of restricted reserves at year end was £62,440 and relates to the preparation programme.

The finance and general purposes committee will review the amount of reserves on an annual basis to ensure that they are sufficient to meet the group's continuing obligations.

## GOING CONCERN

We have adequate financial resources and are proactive in identifying and mitigating business risks. Our planning process, including financial projections, considers the current economic climate and its potential impact on various sources of income and expenditure. The charity has a strong balance sheet with a high level of net current assets due to the cash reserves held.

We believe that there are no material uncertainties that call into doubt the charity's ability to continue operating. The accounts have therefore been prepared on a going concern basis.

## PRINCIPAL RISKS AND UNCERTAINTIES

NHS Providers is committed to effective risk management as an integral part of ensuring good corporate governance. Risk management provides the framework and process that enables NHS Providers to manage uncertainty in a systematic way. Our risk management processes are designed to enable us to adequately identify, review and mitigate risks.

The risk management strategy comprises:

- ongoing review of principal risks and uncertainties that the charity and its subsidiary face;
- establishment of policies, systems, procedures and strategies to mitigate those risks;
- implementation of procedures to minimise or manage any potential impact on the charity should those risks materialise.

All risks are documented in a risk register which scores risks according to their impact and likelihood of risk crystallising. It identifies potential impacts and documents control measure and actions. The score profile is updated monthly.

Responsibility for risk management is undertaken at every level of the organisation. Day-to-day responsibility for operational risk lies with the managers and staff responsible for the organisation's operations. The risk register is reviewed and updated on a regular basis by the senior management team of the organisation and the finance and general

purposes committee. The trustees are responsible for considering the overall strategic risks and for monitoring the status of any significant operational risks.

The key risk areas facing the charity and its subsidiary and a summary of the plans and strategies to manage those risks are listed below:

- **Sufficient financial resources:** the charity is reliant on a high level of subscription income to deliver services to members and cover operational costs. We proactively manage the membership subscription renewal, assessing the overall likelihood of members not renewing and mitigating accordingly. We are also devising a strategy to diversify the income mix and expand commercial income. Resources are dedicated to active membership engagement to maintain high levels of service delivery and member retention. Costs are monitored through a robust financial reporting process and monthly variance analysis. Pre-emptive action can be taken if any variations against expected financial outcomes occur during the year. Additionally an adequate reserves policy is maintained so that the charity can meet the costs of winding down its operations.
- **Reputational:** ongoing assessment of reputation is undertaken through a number of channels including senior management and the board.
- **External environment:** environmental factors may change the provider structure affecting our ability to deliver service to members and a resultant decline in income. We are currently developing a strategy to mitigate the medium to long term risk of falling subscription revenue due to the increasing number of members who are merging, or forming chains and consequently seeking discounts on their membership fees.

The three-year strategic plan and governance review are designed to ensure a future-proofed membership structure. Other external factors such as competition are regularly reviewed and appropriate offerings and or alliances are created to mitigate their effect. It should be noted that any risk management system can only manage risks and not eliminate them, and can provide only reasonable and not absolute assurance against material misstatement or loss.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

This is the fifth annual report and audited financial statements of the Foundation Trust Network since it became an independent organisation on 1 April 2011. The organisation is now operating as NHS Providers. Details of the organisation's incorporation as a private company limited by guarantee and registration as a charity are given on page 19. The company is governed by its articles of association, the latest version agreed in June 2014.

It should be noted that during 2014/15 the organisation changed its operating name to NHS Providers in a rebranding exercise. Its registered name is still the Foundation Trust Network and it can be found under this name at both Companies House and the Charity Commission.

## GOVERNANCE

### BOARD OF TRUSTEES

NHS Providers is governed by a board of trustees. Trustees who served during the period 2015/16 and to the date of this report are listed on page 14. Senior executive staff and external advisors are detailed on page 19.

During 2015/16 the board comprised 21 trustees:

- ten board members representing acute foundation trusts;
- four board members representing mental health foundation trusts;
- two board members representing community foundation trusts;
- two board members representing ambulance service foundation trusts;
- two board members representing trusts; and
- one chair.<sup>1</sup>

Trustees are drawn from chairs and chief executives of member organisations and are therefore already familiar with both board procedures and the activities of NHS Providers. Upon election, trustees go through an induction process to ensure that they understand the specific duties and responsibilities of being a charity trustee - in particular the importance of acting as trustees of the charity and representing the views of all members, not the views of their own organisation. Following a board evaluation exercise in 2015/16, a new induction process, more focused on the role of the trustee and associated legal obligations, took place for the first time in July 2015, gaining strong positive feedback from those who went through it. This will be repeated in July 2016 for trustees recently elected to the board.

The organisation maintains a register of interests for trustees, as well as senior executives. The trustees' and senior executives' interests registers are reviewed annually and additional oral declarations of interest are taken at the start of each meeting of the NHS Providers board.

During the period covered by this report, the NHS Providers board met a total of six times. Details of trustees and their attendance at board meetings and at board sub-committees where relevant are listed below.

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<sup>1</sup> Appointed following open competition and a national search in line with article 20 of the organisation's articles of association.

TRUSTEES	TERM	ATTENDANCE AT BOARD	* ATTENDANCE AT FINANCE AND GENERAL PURPOSES COMMITTEE	^ ATTENDANCE AT REMUNERATION COMMITTEE
John Adler	appointed 1/7/15	3/5		
John Anderson	appointed 1/6/13	4/6		
Ingrid Barker	re-appointed 1/7/15	6/6		
Ian Black *	appointed 1/7/15	3/5	3/3	
Elisabeth Buggins ^	re-appointed 1/7/15, retired 30/6/16	4/6		1/1
Thomas Cahill ^	re-appointed 1/7/15	5/6		0/1
Della Cannings *	re-appointed 1/7/15, retired 30/6/16	3/6	0/3	
Nicola Cole	appointed 1/7/16	0/0		
Paula Clark	appointed 1/7/15	5/5		
Susan Davis ^	re-appointed 1/7/15	5/6		1/1
Karen Dowman	retired 1/7/15	1/1		
Gillian Easson *	appointed 1/7/14	1/6	3/4	
Jeffrey Ellwood	retired 30/6/16	3/6		
Alan Foster	appointed 1/7/15	3/5		
William Hancock *	appointed 2/7/14	4/6	2/5	
Joseph Harrison *	appointed 1/7/15	5/5	1/3	
Peter Herring *	retired 1/7/15	1/1	1/1	
Martin Howell	retired 1/7/15	1/1		
John Lawlor	appointed 1/7/15	5/5		
Nicholas Marsden	appointed 1/7/16	1/1		
Sir Graham Meldrum	appointed 1/7/15	5/5		
Patricia Miller	appointed 1/7/16	1/1		
Nicholas Moberly	appointed 1/7/16	0/1		
Gillian Morgan	appointed as chair 1/1/14	6/6		
Robert Naylor	retired 1/7/15	1/1		
Elizabeth Padmore *	retired 30/6/16	4/6	5/5	
Angela Pedder	retired 30/6/16	3/6		
Jagtar Singh	appointed 1/7/16	1/1		
Timothy Smart *	retired 1/5/15	0/0	1/1	
Anthony Spotswood ^	retired 30/6/16	6/6		1/1
Tracy Taylor	re-appointed 1/7/15	4/6		
Anthony Thorne	retired 1/7/15	1/1		
Sandra Betney *	co-opted to finance and general purposes committee	N/A	3/5	

In addition to the trustees (who have full voting rights at board meetings), the NHS Providers board is also attended by the chief executive, director of policy and strategy, director of development and operations and director of communications as non-voting attendees. A scheme of delegation clearly lays out the respective responsibilities of the trustees, directors and management. This, together with a full set of operational policies and procedures, determines the conduct of all executives and other employees.

The board has two standing committees: the finance and general purposes committee (incorporating the audit committee); and the remuneration committee. The chief executive of the organisation is responsible for the operational delivery of the strategy set out by the board.

The finance and general purposes committee's membership during 2015/16 comprised a varying number of trustees (between three and six) and a co-opted finance director member. The committee met five times during 2015/16 and is responsible for providing scrutiny and advice to the NHS Providers board on the oversight of:

- financial reporting and control;
- risk management;
- reserves and investment policy;
- commercial activities;
- annual report and accounts; and
- commissioning and monitoring the outcomes of the external audit.

Both the NHS Providers chair and chief executive have standing invitations to the committee.

The remuneration committee met once during 2015/16. A detailed remuneration report including further information on the role of the remuneration committee and its work in 2015/16 can be found on pages 16 to 18.

Other board sub-committees are formed periodically on a 'task and finish' basis, carrying out specific pieces of work as delegated by the NHS Providers board.

## PARTNERSHIPS

The organisation must maintain a high quality staff team in order to best serve its members but, as a charity, it also seeks to provide services in the most efficient and cost effective way for members. In many cases this means working with external expert partners to deliver all or part of some of the activities undertaken. In accordance with good governance principles, as far as practicable, such work is put out for tender.

## EMPLOYEES

As a membership organisation, NHS Providers is a service-based business, and its employees are at the core of all the organisation's activities.

To support its members, in line with the strategic objectives set out on page 4, the organisation needs to maintain a team of expert specialist staff covering areas as diverse as governance, benchmarking, clinical and functional networks, healthcare policy and economics.

Alongside recruiting high quality individuals NHS Providers is keen to promote continuous development to ensure employees have the opportunity to develop their skills. Employee training and development needs are reviewed at least twice a year as part of an annual appraisal cycle.

A full remuneration report is set out below.

## REMUNERATION REPORT

### STATEMENT OF GENERAL APPROACH TO REMUNERATION AND GOVERNANCE

NHS Providers ensures that its staff are remunerated fairly and in a way that allows the organisation to attract and retain people with the skills needed to deliver its charitable objects. To ensure this report meets the requirements of both the Charities SORP and the guidance published by the National Council for Voluntary Organisations it has been reviewed against these requirements by the chair, chief executive, directors and the finance and general purposes committee.

### REMUNERATION COMMITTEE

NHS Providers has a remuneration committee which, in 2015/16, met once and transacted other business via correspondence. This committee is chaired by a trustee and comprises three additional trustees, including the organisation's vice chair. The NHS Providers chair, chief executive and director of operations are invited to attend but are excluded from discussions of their individual pay/fees.

The main responsibilities of the committee are to:

- set the overall pay policy for the organisation as a whole and consider regular reports on the operation of that policy, particularly in relation to pay for staff other than the directors;
- determine the remuneration package of the individual directors, on the recommendation of the chief executive and the chair;
- determine the remuneration package of the chief executive, on the recommendation of the chair;
- set the fees for the chair; and
- ensure that contractual terms on termination are fair to the individual and the charity, that poor performance is not rewarded and a duty to mitigate loss is recognised.

The remuneration policy aims to ensure that the chief executive, directors and other staff have appropriate incentives to encourage enhanced individual performance and are, in a fair and responsible manner,

rewarded for their contributions to the success of NHS Providers. This recognises that delivery of NHS Providers' charitable vision and purpose is almost wholly dependent on the performance of its staff, with staff remuneration being the largest single element of charitable expenditure.

The remuneration policy is reviewed regularly. This includes comparisons with similar membership organisations and the wider charitable sector as well as being sensitive to the remuneration approach of our members, pay and employment conditions in the NHS and general approaches to charitable sector pay.

### 2015/16 APPROACH TO PAY

#### STAFF PAY

Staff are primarily policy and communications experts, recruited from these sectors, with administration, support, event management and corporate services staff recruited from a wide range of different sectors. The organisation recruits relatively few of its staff directly from NHS frontline organisations. NHS Providers is committed to paying all staff the London living wage, currently set at £17,843. The organisation's lowest salary in 2015/16 was £25,000.

Over the past two years, with the agreement of the remuneration committee and board, the executive has been in negotiations with staff to move from an inherited pay system offering annual set increments to a more affordable, performance related, pay system. 2014/15 was the first year of the new system which offered increments of 1.9% (reduced from 3.8%) dependent on satisfactory performance. This was further refined in 2015/16 by the elimination of fixed increments and moving to an annually determined base increment dependent on satisfactory performance and taking account of organisational success, affordability and any cost of living rises. The performance element of this allows for small additional increments for those staff performing at the highest levels.

Salaries, at all levels, are benchmarked every two to three years against those offered by similar organisations to ensure competitiveness. The last review carried out by CELRE in December 2013



suggested that NHS Providers ‘appears to be well market-aligned with its present pay levels’. The next benchmarking review will take place during 2016/17. No bonuses are paid to any members of staff nor to directors.

The ratio of salary between the organisation’s highest and lowest paid member of staff is 1:10 with the ratio between its highest and median salary being 1:4.

### CHIEF EXECUTIVE AND DIRECTOR PAY

The remuneration committee sets chief executive and director pay individually each year, taking account of individual and organisational performance. The remuneration committee is provided with information to ensure awareness of published salary rates for roles in similar organisations such as the Local Government Association and the NHS Confederation and, in the case of the chief executive, the salaries paid to chief executives of member organisations and relevant arm’s length bodies.

The results of the pay policy in relation to total remuneration, including salary and pension contributions, for 2015/16 and 2014/15 are reflected in the table on page 18.

### CHAIR’S FEES

The fees paid to the chair<sup>2</sup> of NHS Providers are reviewed annually by the remuneration committee and reflect both personal and organisational performance. The chair’s remuneration is set on the advice of the vice chair/senior independent director (sitting on the remuneration committee). They are benchmarked against:

- chair fees in similar organisations such as the NHS Confederation;
- chair fees of foundation trust members; and
- chair or chair equivalent fees for the organisation’s key stakeholders.

### PENSIONS AND TOTAL REMUNERATION PACKAGE

The organisation makes a contribution of 9% (staff contributing 6%) of salary to a defined contribution pension scheme for all employees who wish to receive it. There are also a range of other benefits available to all employees including non-contributory life-assurance cover; season ticket loans; childcare vouchers (via a salary sacrifice scheme); free health checks; and a cycle to work scheme.

### IMPACT OF REMUNERATION POLICY

NHS Providers has built and maintained a strong team of expert specialist staff who deliver a diverse and wide range of work. The success of the team, and NHS Providers as an employer, is reflected in a range of different evidence including:

- 90% overall member satisfaction with our work, described by Ipsos MORI as a particularly high score for an organisation of our type;
- staff perceived as supportive, professional and knowledgeable with members being positive about their relationship with NHS Providers (Ipsos MORI member survey); and
- 97% of staff being satisfied with their job; 100% thinking their colleagues are committed to delivering high quality services and 97% recommending it as a good place to work (NHS Providers staff survey).

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2 During 2014/15 the chair was granted a period of compassionate leave in which she worked the equivalent of one day a week. The NHS Providers board agreed to continue paying the chair the agreed fees and, in return, the chair worked 30 extra days in 2015/16 to compensate the organisation.

## SUMMARY OF REMUNERATION - INDIVIDUAL HIGHEST PAID STAFF

The trustees regard the chair, trustees (who are not remunerated), chief executive and directors as the key management personnel.

	2015/16 remuneration		2014/15 remuneration	
	Salary	Pension contribution	Salary	Pension contribution
Dame Gill Morgan chair	£55,000	£0	£55,000	£0
Chris Hopson chief executive	£203,800	£18,342	£200,000	£18,000
Ben Clacy director of development and operations	£92,627	£8,336	£90,900	£8,181
Saffron Cordery director of policy and strategy	£97,808	£8,803	£95,984	£8,639
Nick Samuels director of communications	*£59,614 (£92,627)	*£5,365 (£8,336)	£90,900	£8,181
Daniel Reynolds director of communications	*£17,295 (£95,000)	*£2,421 (£13,300)		

\* pro rata amount for portion of year worked.

Please note:

Aside from Gill Morgan no other trustees received remuneration or were reimbursed for expenses incurred in the course of acting on behalf of the charity.

For information, C Hopson, S Cordery, B Clacy and N Samuels and D Reynolds were all employees of the company during 2015/2016 and directors of FTN Trading Ltd.

N Samuels left NHS Providers on 13 November 2015 and D Reynolds was appointed in his stead on 26 January 2016. D Reynolds was appointed as a director of FTN Trading Ltd on 25 May 2016.

<b>The number of employees whose emoluments exceeded £60,000 for the period was:</b>	<b>2016</b>	<b>2015</b>
£60,000 – £70,000	4	3
£90,001 – £100,000	2	3
£190,001 – £200,000	–	1
£200,001 – £210,000	1	–

During the year retirement benefits accrued to six higher paid employees under a defined contribution scheme and to one higher paid employee under the NHS defined benefit pension scheme.

## REFERENCE AND ADMINISTRATIVE DETAILS

### TRUSTEES/NON-EXECUTIVE DIRECTORS

Refer to page 14.

### SENIOR EXECUTIVE STAFF/DIRECTORS

Chris Hopson	Chief executive
Saffron Cordery	Director of policy and strategy
Ben Clacy	Director of development and operations
Daniel Reynolds	Director of communications (from January 2016)
Nick Samuels	Director of communications (until November 2015)

### AUDITORS

Saffery Champness  
71 Queen Victoria Street  
London EC4V 4BE

### BANKERS

The Co-operative Bank  
80 Cornhill  
London EC3V 3NH

Barclays Business  
1st Floor, 27 Soho Square  
London W1D 3QR

### PRINCIPAL AND REGISTERED ADDRESS

One Birdcage Walk  
London SW1H 9JJ

### SOLICITORS

DAC Beachcroft  
Portwall Place, Portwall Lane  
Bristol BS99 7UD

Hempsons  
The Exchange, Station Parade  
Harrogate HG1 1DY

### **The Foundation Trust Network**

Charity registration number: 1140900  
Company registration number: 07525114

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' Statement of Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in business.

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

In so far as the trustees are aware:

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

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

The report of the trustees and incorporated strategic report was approved by the NHS Providers board on 2 November 2016 and signed on its behalf by:



**Dame Gill Morgan**  
Chair, NHS Providers

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHS PROVIDERS FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of NHS Providers for the year ended 31 March 2016 set out on pages 23 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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

### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the statement of trustees' responsibilities in relation to the financial statements, the trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Charities Act 2011 and the Companies Act 2006 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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 the group's and the parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

## OPINION ON OTHER REQUIREMENT OF THE COMPANIES ACT 2006

In our opinion the information given in the report of the trustees incorporating the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Liz Hazell**

Senior statutory auditor

For and on behalf of Saffery Champness

Date: 9 November 2016

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
71 Queen Victoria Street  
London EC4V 4BE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2016

	Note	£ Unrestricted funds	£ Restricted funds	£ 2016	£ 2015 restated
<b>Income from</b>					
Donations	2	–	–	–	131,891
Charitable activities	3	449,995	315,000	764,995	507,628
Subscription and other trading activities	4	3,680,961	–	3,680,961	3,594,080
Investments	5	2,452	–	2,452	5,478
<b>Total income</b>		4,133,408	315,000	4,448,408	4,239,077
<b>Expenditure on</b>					
Trading activities	4	353,017	–	353,017	340,738
Charitable activities	6, 7, 8	3,681,093	414,175	4,095,268	3,837,978
<b>Total expenditure</b>		4,034,110	414,175	4,448,285	4,178,716
<b>Net income/(expenditure) and net movement in funds for the year</b>		99,298	(99,175)	123	60,361
<b>Total funds brought forward</b>	17	1,103,744	161,615	1,265,359	1,204,998
<b>Total funds carried forward</b>	17	1,203,042	62,440	1,265,482	1,265,359

All gains and losses arising in the year are included in the statement of financial activities and relate to continuing operations.

The notes on pages 27- 40 form part of these financial statements.

## GROUP BALANCE SHEET 31 MARCH 2016

	Note	£ 2016	£ 2015 restated
<b>Fixed assets</b>			
Tangible assets	13	103,958	117,297
<b>Current assets</b>			
Debtors	15	283,341	110,339
Cash at bank and in hand		1,209,242	1,569,536
		<b>1,492,583</b>	<b>1,679,875</b>
<b>Creditors</b>			
Amounts falling due within one year	16	(331,059)	(531,813)
<b>Net current assets</b>		<b>1,161,524</b>	<b>1,148,062</b>
<b>Net assets</b>		<b>1,265,482</b>	<b>1,265,359</b>
<b>Funds</b>			
Restricted funds	17	62,440	161,615
Unrestricted funds	17	1,203,042	1,103,744
		<b>1,265,482</b>	<b>1,265,359</b>

The notes on pages 27 - 40 form part of these financial statements.

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for distribution by the board of trustees on 2 November 2016 and signed on its behalf by:



**Dame Gill Morgan**  
 Chair

Registered Company No. 07525114



## CHARITY BALANCE SHEET 31 MARCH 2016

	Note	£ 2016	£ 2015 restated
<b>Fixed assets</b>			
Tangible assets	13	103,958	117,297
Investments	14	1	1
		103,959	117,298
<b>Current assets</b>			
Debtors	15	472,117	791,601
Cash at bank and in hand		996,792	864,479
		1,468,909	1,656,080
<b>Creditors</b>			
Amounts falling due within one year	16	(307,386)	(508,019)
<b>Net current assets</b>		1,161,523	1,148,061
<b>Net assets</b>		1,265,482	1,265,359
<b>Funds</b>			
Restricted funds	17	62,440	161,615
Unrestricted funds	17	1,203,042	1,103,744
		1,265,482	1,265,359

The notes on pages 27 - 40 form part of these financial statements.

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for distribution by the board of trustees on 2 November 2016 and signed on its behalf by:



**Dame Gill Morgan**  
 Chair

Registered Company No. 07525114

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

	<b>Note</b>	£ <b>2016</b>	£ <b>2015</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	22	(294,295)	372,456
<b>Cash flows from investing activities</b>			
Interest income		2,452	5,478
Purchase of tangible fixed assets		(68,451)	(38,993)
Net cash used in investing activities		(65,999)	(33,515)
<b>Cash flows from financing activities</b>			
Net cash (used in)/provided by financing activities		(360,294)	338,941
<b>Change in cash and cash equivalents in the reporting period</b>			
Cash and cash equivalents at the beginning of the reporting period		1,569,536	1,230,595
(Decrease)/increase in cash and cash equivalents in the year		(360,294)	338,941
Cash and cash equivalents at the end of the reporting period		1,209,242	1,569,536

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1. ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared on the going concern basis under the historical cost convention. The financial position, liquidity and management of risk as outlined in the strategic report indicate that the group has adequate resources and that there are no material uncertainties relating to events or conditions that may cast significant doubt about its ability to continue as a going concern. The financial statements have been prepared in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities, preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Companies Act 2006. The trustees confirm that the charity is a public benefit entity.

#### GROUP ACCOUNTS

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 4(1) of Schedule 1 of the Large and Medium sized Companies and Groups (accounts and reports) Regulations 2008 and adapted the Companies Act formats to reflect the special nature of the charity's activities.

No separate SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006.

#### RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition (1 April 2014) in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The note below summarises the transition adjustment.

<b>Group and charity</b>	£ <b>at 1 April 2014</b>	£ <b>at 31 March 2015</b>
<b>Reconciliation of funds</b>		
Funds (as previously stated)	1,227,947	1,300,666
Adjustment: holiday pay accrual	(22,949)	(35,307)
Group funds (as restated under FRS 102)	1,204,998	1,265,359
<b>Reconciliation of net income</b>		
Net income (as previously stated)		72,719
Adjustment: holiday pay accrual		(12,358)
Net income (as restated under FRS 102)		60,361

The transition adjustment relates to a holiday pay accrual of £12,358 for the year ended 31 March 2015 (£476 relates to restricted funds). The adjustment at 1 April 2014 also relates to holiday pay and totals £22,949 which only affects unrestricted funds.

## INCOMING RESOURCES

Subscription and other incoming resources are accounted for on a receivable basis.

## ACCRUED AND DEFERRED INCOME

Income is recognised in the Statement of Financial Activities (SOFA) in accordance with the Charities SORP FRS 102 income recognition criteria of entitlement, probability and measurement. For 2015 and 2016 subscription income is invoiced in the subscription year and therefore recognised in full within the financial year. Income relating to the financial year which has not been received or invoiced is recognised as accrued income. Grant and donation income are recognised when the SORP income recognition criteria are fulfilled.

## FUND ACCOUNTING

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objects of the charity.

Restricted funds are funds which are only to be used for the purpose as determined by the donor.

## CLASSIFICATION OF EXPENDITURE

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure and it can be reliably measured.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

- Expenditure on trading activities comprises the costs of the commercial trading which includes the costs of hosting the annual conference.
- Expenditure on charitable activities comprises those costs incurred supporting and developing its members, promoting shared learning and lobbying on behalf of its members. It includes both costs that can be allocated directly to those activities and their associated support costs. These costs have been analysed into activities associated with the charity's three strategic objectives of influence, voice and support.

Expenditure is shown net of VAT and any irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

### ALLOCATION OF SUPPORT AND GOVERNANCE COSTS

Support and governance costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly.

Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. The bases on which support costs have been allocated are set out in note 7.

Support and governance costs are divided between the unrestricted and the restricted funds, with the restricted funds being charged with expenses specifically incurred in fulfilling the restrictions imposed; all other expenses are charged to the unrestricted funds.

Governance costs are those incurred in the governance of the charity and are primarily associated with the constitutional and statutory requirements.

### PENSION COSTS

The charity contributes to the NHS Pensions Scheme which is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with NHS Providers in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The scheme is considered to be a multi-employer defined benefit scheme as the charity is unable to identify its share of the underlying assets and liabilities. Therefore, the contributions, which are fixed annually and payable monthly, are charged to the SOFA when payable and the charity has no further potential liability. The date of the most recent actuarial valuation is 31 March 2016.

The charity contributes to a defined contribution scheme for members of staff. The charge in the accounts represents the contributions payable to the scheme in the financial period.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets, where the value is over £500, are capitalised at cost.

They are then depreciated at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Short leasehold property improvements	20% straight line basis
Fixtures and fittings	Over three years straight line basis
Office equipment	Over three years straight line basis
Computer equipment	Over three years straight line basis

### OPERATING LEASES

Rentals payable under operating leases are charged to the SOFA over the term of the lease.

### TAXATION

The charity is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the charity's primary objectives.

## 2. INCOME FROM DONATIONS

	£ Unrestricted funds	£ Restricted funds	£ 2016	£ 2015
<b>Donations</b>				
FTGA - governor support	–	–	–	131,891

In October 2014 NHS Providers incorporated under its auspices the activities of the Foundation Trust Governors' Association (FTGA). The net assets received were reflected as restricted income in the 2014/2015 year.

## 3. INCOME FROM CHARITABLE ACTIVITIES

	£ Unrestricted funds	£ Restricted funds	£ 2016	£ 2015
<b>Grants</b>				
NHS Trust Development Authority*	–	315,000	315,000	321,000
<b>Contracts income</b>				
Department of Health	–	–	–	25,000
<b>Foundation trusts and trusts</b>				
Course fees and recharge income	449,995	–	449,995	161,628
<b>Total income from charitable activities</b>	449,995	315,000	764,995	507,628

\* Now NHS Improvement

#### 4. INCOME FROM SUBSCRIPTION AND OTHER TRADING ACTIVITIES

	£ <b>Unrestricted funds</b>	£ <b>Restricted funds</b>	£ <b>2016</b>	£ <b>2015</b>
Subscriptions	3,262,240	–	3,262,240	3,107,650
Trading income	418,721	–	418,721	486,430
<b>Total income from other trading activities</b>	<b>3,680,961</b>	<b>–</b>	<b>3,680,961</b>	<b>3,594,080</b>

The wholly owned subsidiary FTN Trading Limited is incorporated in the United Kingdom (company number 07940647) and pays all of its taxable profits to the charity under the gift aid scheme. FTN Trading Limited operates the annual conference and all commercial sponsorship associated with that event.

The summary performance of the subsidiary is:

	£ <b>2016</b>	£ <b>2015</b>
Turnover	418,721	486,430
Cost of sales and administration costs	(353,017)	(340,738)
Interest receivable	2,452	–
Net profit	68,156	145,692
Amount gift aided to the charity	(68,156)	(145,692)
Retained in the subsidiary	–	–
The assets and liabilities of the subsidiary were:		
Current assets	297,230	711,327
Current liabilities	(297,229)	(711,326)
Total net assets	1	1
Aggregate share capital and reserves	1	1

#### 5. INVESTMENT INCOME

	£ <b>Unrestricted funds</b>	£ <b>Restricted funds</b>	£ <b>2016</b>	£ <b>2015</b>
Interest	2,452	–	2,452	5,478

## 6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	£ Direct costs	£ Support	£ Governance	£ Total 2016	£ Total 2015
Influence	1,070,938	629,074	11,159	1,711,171	1,638,473
Voice	483,740	235,903	4,185	723,828	668,645
Support	1,140,080	511,123	9,066	1,660,269	1,530,860
<b>Total expenditure</b>	<b>2,694,758</b>	<b>1,376,100</b>	<b>24,410</b>	<b>4,095,268</b>	<b>3,837,978</b>

Expenditure on charitable activities was £4,095,268 (2015: £3,837,978) of which £3,681,093 (2015: £3,513,795) was unrestricted. Restricted expenditure of £414,175 (2015: £324,183) was made up as follows: £282,284 relates to the preparation programme; a further £131,891 relates to the governor support programme and is funded from the FTGA merger in 2015. Support and governance costs of £1,376,100 and £24,410 are analysed in note 7 below, totalling £1,400,510. They relate to overhead costs generated by the fourth strategic objective, professional, which support the activities of influence, voice and support.

## 7. ANALYSIS OF GOVERNANCE AND SUPPORT COSTS

	£ Influence	£ Voice	£ Support	£ Total 2016	£ Total 2015
Computer	47,951	17,982	38,960	104,893	80,608
Accounting	1,774	665	1,441	3,880	17,469
Premises	64,326	24,123	52,265	140,714	138,612
Human resources	324,534	121,699	263,684	709,917	705,884
General office	160,684	60,257	130,556	351,497	131,781
Governance	11,159	4,185	9,066	24,410	20,968
Legal	1,688	633	1,372	3,693	4,776
Irrecoverable VAT	8,625	3,235	7,008	18,868	165,481
Professional fees	19,491	7,310	15,837	42,638	12,000
	<b>640,232</b>	<b>240,089</b>	<b>520,189</b>	<b>1,400,510</b>	<b>1,277,578</b>

Each category of costs is prorated based on staff full time equivalents. Professional costs (encompassing governance and support costs) are allocated across each of the three strategic objectives: influence, voice and support.



## 8. TOTAL EXPENDITURE

	£ 2016	£ 2015
<b>Net income/expenditure is stated after charging:</b>		
Auditor's remuneration:		
Audit	15,000	12,000
Tax advisory, secretarial services	3,880	–
Accounting fees (provided by previous auditors)	–	26,307
Depreciation	81,790	75,718
Operating leases	135,513	135,513

## 9. TRUSTEES

One trustee, Gill Morgan was reimbursed for expenses relating to travel and accommodation amounting to £16,024 (2015: £7,698) and remuneration of £55,000 for the year. There is no contribution to a pension fund. The legal authority conferring authority to make payment is provisioned for in the articles of association. The clause was ratified at an EGM on 10 September 2013 under consultation with the Charity Commission. No other trustees received remuneration for services rendered or reclaimed expenses. The company incurred a cost of £580 in respect of annual indemnity insurance for the trustees.

## 10. KEY MANAGEMENT PERSONNEL

The trustees regard the trustees (who, with the exception of Gill Morgan, are not remunerated), the chief executive and the directors as the key management personnel.

	£ 2016	£ 2015
Directors' emoluments	471,143	477,874
Company contributions to pension schemes	42,926	43,000

Four of the directors were in the NHS Pension Scheme which is a defined benefit pension scheme (2015-three) and one was in a personal defined contribution pension scheme to which the charity contributes (2015-one).

## 11. STAFF COSTS

	£ <b>2016</b>	£ <b>2015</b>
Wages and salaries	2,000,470	1,872,718
Social security costs	224,177	204,937
Defined contribution pension costs	231,575	149,833
Defined benefit pension costs	15,115	15,126
	<b>2,471,337</b>	<b>2,242,614</b>
Directors' emoluments, including employee pension contributions (see note 10)	471,143	477,784

## 12. STAFF NUMBERS

The average number of monthly full-time equivalent employees (including part-time staff) during the year were 43 (2015: 36).

The average monthly number of full-time equivalent employees during the year analysed by activity was:

	<b>2016</b>	<b>2015</b>
Influence	20	19
Voice	7	6
Support	16	11
	<b>43</b>	<b>36</b>

The bandings for employees who receive more than £60,000 is on page 18.

### 13. FIXED ASSETS – GROUP AND CHARITY

	£	£	£	£	£
	<b>Leasehold property improvements</b>	<b>Fixtures and fittings</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
<b>Cost</b>					
At 1 April 2015	47,084	75,796	31,361	101,878	256,119
Additions	2,103	3,189	–	63,159	68,451
At 31 March 2016	49,187	78,985	31,361	165,037	324,570
<b>Depreciation</b>					
At 1 April 2015	23,942	44,237	22,699	47,944	138,822
Charge for the year	9,592	18,807	6,741	46,650	81,790
At 31 March 2016	33,534	63,044	29,440	94,594	220,612
<b>Net book value at 31 March 2016</b>	15,653	15,941	1,921	70,443	103,958
<b>Net book value at 31 March 2015</b>	23,142	31,559	8,662	53,934	117,297

### 14. FIXED ASSETS INVESTMENTS

The charity's investment at the balance sheet date in the share capital of companies is made up of the following:

#### **FTN Trading Limited**

Nature of business	To establish and run a conference for members of NHS Providers
Country of registration	England and Wales
Class of share	Ordinary - £1
% - holding	100
Aggregate capital and reserves	£1
Surplus/(deficit) for year	£ nil

The financial results of the subsidiary for the year are summarised in note 4.

## 15. DEBTORS

	Group		Charity	
	£ 2016	£ 2015	£ 2016	£ 2015
Debtors	123,452	20,710	103,305	14,441
Other debtor	50,848	9,782	50,848	9,782
Prepayments	109,041	79,847	41,861	79,847
Amounts due from FTN Trading Limited	–	–	276,103	687,531
	283,341	110,339	472,117	791,601

The amounts due from FTN Trading Limited represent the net position of subscriptions income received by FTN Trading on behalf of NHS Providers. The balance also includes any donations due to the charity by its subsidiary.

## 16. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	£ 2016	£ 2015	£ 2016	£ 2015
Trade creditors	98,897	269,648	81,028	248,854
Social security and other taxes	73,524	21,948	73,596	21,948
Other creditors	24,456	17,188	24,456	17,188
Accruals	122,556	223,029	117,541	220,029
Deferred income	11,626	–	10,765	–
	331,059	531,813	307,386	508,019

Any income which relates to a period after year end has been deferred.  
Analysis of the movement in deferred income is set out below:

	Group		Charity	
	£ 2016	£ 2015	£ 2016	£ 2015
Brought forward	–	–	–	–
Deferred	11,626	–	10,765	–
Released	–	–	–	–
Carried forward	11,626	–	10,765	–

Deferred income relates to income for training courses scheduled for 2016/17.

## 17. RESTRICTED AND UNRESTRICTED FUNDS

<b>Group</b>	£ <b>Balance 1 April 2015</b>	£ <b>Incoming resources</b>	£ <b>Resources expended</b>	£ <b>Funds 31 March 2016</b>
<b>Restricted funds</b>				
Preparation programme	29,724	315,000	(282,284)	62,440
Governor support programme	131,891	–	(131,891)	–
<b>Total restricted funds</b>	<b>161,615</b>	<b>315,000</b>	<b>(414,175)</b>	<b>62,440</b>
<b>Unrestricted funds</b>	<b>1,103,744</b>	<b>4,133,408</b>	<b>(4,034,110)</b>	<b>1,203,042</b>
	<b>1,265,359</b>	<b>4,448,408</b>	<b>(4,448,285)</b>	<b>1,265,482</b>

<b>Charity</b>	£ <b>Balance 1 April 2015</b>	£ <b>Incoming resources</b>	£ <b>Resources expended</b>	£ <b>Funds 31 March 2016</b>
<b>Restricted funds</b>				
Preparation programme	29,724	315,000	(282,284)	62,440
Governor support programme	131,891	–	(131,891)	–
<b>Total restricted funds</b>	<b>161,615</b>	<b>315,000</b>	<b>(414,175)</b>	<b>62,440</b>
<b>Unrestricted funds</b>	<b>1,103,744</b>	<b>4,133,408</b>	<b>(4,034,110)</b>	<b>1,203,042</b>
	<b>1,265,359</b>	<b>4,448,408</b>	<b>(4,448,285)</b>	<b>1,265,482</b>

The preparation programme represents the income and costs of managing the NHS Trust Development Authority – sponsored programme to provide support and advice to those NHS trusts which are working towards foundation trust status. The governor support programme represents the national training programme for foundation trust governors.

## 18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<b>Group</b>	£ <b>Restricted funds</b>	£ <b>Unrestricted funds</b>	£ <b>Total 2016</b>	£ <b>Total 2015</b>
Tangible fixed assets	–	103,958	103,958	117,297
Net current assets	62,440	1,099,084	1,161,524	1,148,062
	62,440	1,203,042	1,265,482	1,265,359

<b>Charity</b>	£ <b>Restricted funds</b>	£ <b>Unrestricted funds</b>	£ <b>Total 2016</b>	£ <b>Total 2015</b>
Tangible fixed assets	–	103,959	103,959	117,298
Net current assets	62,440	1,099,083	1,161,523	1,148,062
	62,440	1,203,043	1,265,482	1,265,359

## 19. FINANCIAL COMMITMENTS

As at 31 March 2016 the charity was committed to making the following payments under non-cancellable operating leases in the following periods:

	£ <b>2016</b>	£ <b>2015</b>
Payable in respect of leases expiring:		
Within the year	135,513	135,513
Between the second and fifth year inclusive	542,052	542,052
Over five years from the balance sheet date	191,977	327,490

## 20. LIABILITY OF MEMBERS

At 31 March 2016 the charity had 225 members. The liability of each member to contribute to the assets of the charity is limited to £1.

## 21. RELATED PARTY TRANSACTIONS

For this year, FTN Trading Ltd paid under gift aid a donation of £68,156 (2015: £145,692) to NHS Providers. At the year end NHS Providers was owed £276,103 (2015: £687,531) by FTN Trading Limited.

Transactions between the holding and subsidiary company are conducted at arms length. For membership organisations that are represented on NHS Providers elected board of trustees, preferential rates are not applied to subscription fees or attendance at NHS Providers events.

All elected board members are either chairs or chief executives of member organisations. Gill Morgan is the remunerated chair.

There are no other related party transactions during the year.

## 22. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASHFLOW FROM OPERATING ACTIVITIES

	£ <b>Total 2016</b>	£ <b>Total 2015</b>
Net income for the reporting period (as per the statement of financial activities)	123	60,361
Add back: depreciation	81,790	75,518
Deduct interest income shown in investing activities	(2,452)	(5,478)
(Increase)/decrease in debtors	(173,003)	3,145,981
(Decrease) in creditors	(200,753)	(2,903,926)
Net cash (outflow)/inflow from operating activities	(294,295)	372,456

## 23. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES – 2015

	£ <b>Total 2016</b>	£ <b>Unrestricted funds</b>	£ <b>Restricted funds</b>	£ <b>Total 2015</b>
<b>Income from</b>				
Donations	–	–	131,891	131,891
Charitable activities	764,995	186,628	321,000	507,628
Subscription and other trading activities	3,680,961	3,594,080	–	3,594,080
Investments	2,452	5,478	–	5,478
<b>Total income</b>	4,448,408	3,786,186	452,891	4,239,077
<b>Expenditure on</b>				
Trading activities	353,017	340,738	–	340,738
Charitable activities	4,095,268	3,513,795	324,183	3,837,978
<b>Total expenditure</b>	4,448,285	3,854,533	324,183	4,178,716
<b>Net income/(expenditure) and net movement in funds for the year</b>	123	(68,347)	128,708	60,361
<b>Total funds brought forward</b>	1,265,359	1,172,091	32,907	1,204,998
<b>Total funds carried forward</b>	1,265,482	1,103,744	161,615	1,265,359



**NHS Providers** is the membership organisation and trade association for the NHS acute, ambulance, community and mental health services that treat patients and service users in the NHS. We help those NHS foundation trusts and trusts to deliver high quality, patient focused, care by enabling them to learn from each other, acting as their public voice and helping shape the system in which they operate.

NHS Providers has 96% of all NHS foundation trusts and aspirant trusts in membership, collectively accounting for £65 billion of annual expenditure and employing more than 928,000 staff.

Foundation Trust Network operating as  
**NHS PROVIDERS**

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