

The Nuffield Trust
for Research and Policy Studies in Health
Services

(Formerly The Nuffield Health and Social
Services Fund)

Report and Financial Statements

Year Ended

30 September 2009

The Nuffield Trust
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Company number 382452

Charity number 209169

The Nuffield Trust
for Research and Policy Studies in Health Services

Annual report and financial statements
for the year ended 30 September 2009

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The Nuffield Trust for Research and Policy Studies in Health Services (formerly The Nuffield Health and Social Services Fund) is a company limited by guarantee, registered in England and Wales as company number 382452. It is registered with the Charity Commission as charity number 209169.

Nuffield Trading Limited is a company registered in England and Wales as company number 6898100.

Patron

Her Royal Highness The Princess Royal

Registered office

59 New Cavendish Street, London, W1G 7LP

The Nuffield Trust
for Research and Policy Studies in Health Services

Annual report and financial statements
for the year ended 30 September 2009

Board of Trustees

Dame Carol Black DBE (Chair) *C F*
Tara Camm *C*
Dr Nicolaus Henke *F*
Tim Kelsey
Sir Alan Langlands FRSE (resigned 12 April 2009)
Professor Sheila Leatherman
Andrew McKeon
Dr William Moyes *C*
Charles Perrin CBE *C F*
Peter Phillips *C F*
Professor Stephen Smith
David Walker *F* (resigned 23 June 2009)

C = member of Chair's Committee *F* = member of
Finance Committee

Dame Carol Black is the Chair of the Chair's Committee and
Charles Perrin is the Chairman of the Finance Committee

Company Secretary

Jennifer Dixon (resigned 30 March 2009)
Elizabeth Bishop (appointed 30 March 2009)

Senior staff

Jennifer Dixon, Director
Martin Bardsley, Head of Research
Elizabeth Bishop, Head of Finance & Administration
Judith Smith, Head of Policy

Senior Associates

Professor Gwyn Bevan
Professor John Billings
Professor Nick Black
Pam Garside
Professor Chris Ham CBE
Dr Nicholas Hicks
Dr Richard Horton

Professor Nicholas Mays
Professor Stephen Monaghan
Dr Fiona Moss CBE
Dr Keith Palmer
Professor Carol Propper
Professor Peter Smith
Nicholas Timmins

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for Research and Policy Studies in Health Services

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Auditors

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

Bankers

Coutts & Co, 440 Strand, London, WC2R 0QS

Investment managers

JP Morgan Asset Management, Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ
CCLA 80 Cheapside London EC2V 6DZ

Legal advisers

Stone King LLP, 16 St John's Lane, London, EC1M 4BS

Charity number

209169

The Nuffield Trust
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Trustees' report
for the year ended 30 September 2009

The Trustees present their report and the financial statements of the group for the year ended 30 September 2009. The Trustees have prepared the accounts in accordance with current statutory requirements and the Statement of Recommended Practice (SORP) 2005 – Accounting and Reporting by Charities.

The objects of The Nuffield Trust for Research and Policy Studies in Health Services are to promote, carry out or advance any charitable objects, and in particular the prevention or relief of sickness and the advancement of the health of the people of the United Kingdom, specifically through the promotion of improvements in the quality of healthcare and health policy.

Within this broad remit, our mission is to promote independent analysis and informed debate on UK healthcare policy.

The governing document of the Trust continues to be its Memorandum and Articles of Association.

Within these Report and Accounts, the term 'the Trust' or 'the Nuffield Trust' refers to The Nuffield Trust for Research and Policy Studies in Health Services and the term 'the 1940 Trust' refers to The Nuffield 1940 Trust.

Governance and management

Board of Trustees

The Trust is governed by its Trustees, who meet as a Board four times a year under the leadership of the Chair, Professor Dame Carol Black (National Director for Health and Work, DWP). The Chairman of the Finance Committee is Charles Perrin (former Chief Executive of a major merchant bank and current chairman of the MRC Pension Fund).

Other Board members who served during the year are: Tara Camm (General Counsel, International Save the Children Alliance); Dr Nicolaus Henke (Director, McKinsey & Co and Leader of its European Health Practice); Tim Kelsey (Chair, Executive Board, Dr Foster Intelligence); Professor Sheila Leatherman, (School of Public Health, The University of North Carolina); Andrew McKeon (Managing Director Health, Audit Commission); Dr William Moyes (Executive Chairman, Monitor); Peter Phillips (Partner, Strategy & Market Developments, Ofcom); and Professor Stephen Smith (Principal of the Faculty of Medicine & Chief Executive of Imperial College Healthcare NHS Trust). David Walker and Sir Alan Langlands stepped down during the course of the year and the Board extends grateful thanks to them for help and support during their time as Trustees.

Prior to becoming a trustee, Professor Leatherman has had a longstanding relationship with the Trust and the 1940 Trust. She, and the University of North Carolina, have prior to her becoming a Trustee, received support from the Grant programme.

Once a year the Board meets to discuss and approve the strategic themes for the Trust's work programme for the coming year which have been drafted by the Senior Management Team. Individual Board members work with the Trust's staff throughout the year on specific projects. For example, serving on advisory panels and undertaking peer review,

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Selection and appointment of Board members is managed by the Chair's Committee which takes into account the range of skills and expertise represented on the Board and the need to meet specific requirements. If considered appropriate, external search consultants are employed to assist with recruitment. New trustees are given a copy of the Trustee Handbook and are encouraged to visit the Charity Commission website as well as to meet with Trust employees to gain more insight into the work of the Trust. Board appraisal is undertaken by the Chair.

Board committees

There are two committees of Board members. The Chair's Committee meets as and when necessary and has a remit to consider matters relating to the appointment of new Board members and Board Development; all matters of governance; and the remuneration of the Senior Management Team. The Finance Committee meets four times a year and has responsibility for overseeing the financial functions of the Trust including: recommending the budget to the Board and appraisal of certain projects and contracts; overseeing the annual audit and the appointment of auditors; risk management; staff terms and conditions; and monitoring of the investment management processes.

Management of the Trust

Day to day management of the Trust is the responsibility of the Director (Dr Jennifer Dixon) and the Senior Management Team who operate within protocols and powers delegated by the Board.

Senior Associates

As well as our permanent staff, the Trust is fortunate in being able to call on the expertise of its senior associates. Senior associates are nationally-known academics, clinicians, managers and policy-makers who contribute valuable time and input to our work programme, serve on advisory panels overseeing aspects of the Trust's work, and offer expert peer review to our publishing programme. We gratefully acknowledge their support.

Public benefit

The Nuffield Trust works to promote improvements in the quality of healthcare and health policy. It does so with the aim of improving patient care and health for the benefit of patients and the general public throughout the UK.

The Trustees have considered the Charity Commission's general guidance on public benefit and have taken it into account when reviewing the Trust's aims and objectives and in planning its future activities.

The Trustees are satisfied that the aims of the Trust are carried out wholly in pursuit of its charitable aims for public benefit.

Principal Activities during the year

The Trust's principal activity during the year was policy research and analysis, to inform and influence emerging health policy. These activities have served the Trust's charitable aim of promoting improvements in the quality of healthcare and health policy, with the objective of improving patient care and public health.

Objectives for 2008 / 09

The Operational Plan for 2008 / 09 sets out that the main thrust of our efforts during the year would be to:

- sharpen our strategic focus,
- build our research and analytical capability,
- build strategic alliances nationally,
- develop our financial base by seeking external sources of funding to expand our activities, and
- develop our public reach and profile into traditional and new audiences.

Internally a need was recognised to build and develop our complement of staff and our support systems to ensure efficient running of the organisation.

Overall the Trust wanted to emerge in September 09 as a growing and focused organisation that

- delivers both substantial serious and topical pieces of analysis as well as an array of applied analysis that is highly useful to the NHS,
- is a hub of high quality debate, strategic alliances and opportunity, and
- is significantly more visible as an organisation (particularly in the NHS).

While it was recognised that the focus in 08-09 would mainly be a UK one, there would be opportunities to lay stronger foundations with organisations abroad.

The Trust's activities in 08-09 were set as principally research, analysis, seminars and events, coupled with associated media and website activity.

Our focus of rigorous policy analysis and bringing together key people in health, serves the Trust's charitable aims of promoting improvements in the quality of healthcare and health policy, with the aim of improving patient care and public health.

Our work this year

Capacity-building – developing and building our complement of staff

During the year the Trust has built upon the solid foundations, established in the previous year, to focus even more strongly on the key issues facing healthcare and health policy in both the UK and internationally.

Last year the Trustees appointed a new Director, Head of Research and Head of Finance and Administration. In February 2009, Dr Judith Smith, who has substantial experience of health services policy research gained in the UK and overseas, joined as Head of Policy. The arrival of Daniel Reynolds as Head of Communications in October 2009 completes the Senior Management Team.

Making a difference to health policy

The Trust has continued to build on its role as a respected and reliable source of health policy expertise in our areas of specialism: as an independent and impartial source of analysis on key health challenges facing health services in the UK and internationally, and as a valued forum for topical discussion. The Trust has delivered significant contributions to emerging health policy and practice during the past year. It is successfully carving out a unique niche in the policy world for rigorous policy analysis based on quantitative and qualitative research. This research is applied both to pressing health care issues of the day and issues which are just over the horizon. The organisation has become increasingly known for its work across the UK, as well as drawing on highly pertinent experience from abroad, in particular Europe, North America, Australia and New Zealand. In particular, the Trust has been influential on how to reshape the NHS to improve health especially for people with long term medical conditions.

The Trust's focus during 2008/09 has been on promoting improvements in the quality of healthcare and health policy in five overlapping areas that the Trust believes are central to the development of health care in the UK in the short to medium term:

- Efficiency in health systems
- Commissioning
- The future organisation and delivery of care
- Competition policy in health
- UK and international comparisons in healthcare

During the review period more than 1,500 policymakers, practitioners, clinicians, managers and academics have attended our events; our website received 70,000 visits and our publications were downloaded more than 10,000 times. In addition, the Trust published a number of articles in the media, including in peer review journals; appeared on national platforms to discuss health care reform; and forged strong relationships with key politicians in each of the three main political parties. The Trust also successfully bid for a number of major research projects.

The following outlines the Trust's major achievements in each of its five main areas in the review period, while highlighting its planned activities in 2009/10.

Efficiency in health systems

The NHS is facing one of the most significant financial challenges in its history. To help the NHS respond to this challenge, the Trust played a prominent role in discussions about how it might deliver major efficiency gains whilst enhancing quality of care. The Trust held a series of four seminars that explored the financial context in which the NHS is working and the opportunities for using resources more efficiently. Each seminar was led by experts in NHS management and finance and participants included leaders from the public and private health care sectors. The findings were published in *Health In a Cold Climate: Developing an Intelligent Response to the Financial Challenges Facing the NHS* (author: Chris Ham). This report and the Trust's wider programme of work on efficiency has raised awareness among policymakers and practitioners about how the NHS can use its existing budget more effectively.

Looking forward: 2010 work programme

The Trust is following up its efficiency work in 2008/09 by conducting a major new programme of research and policy analysis in 2009/10 that will set out practical recommendations for managers, clinicians and policymakers on how the NHS can improve its productivity and deliver more value for less. *New Frontiers in NHS Efficiency* will examine the scope for greater efficiencies by providers and commissioners of care and will be informed by rigorous analysis of existing UK and international research evidence. It will examine how providers of health services can reduce their costs and improve productivity and value and how funders (primary care trusts and practice-based commissioners) can focus on investing (and disinvesting) their money where it really adds value, through robust and evidence-based processes of setting priorities in a way that shapes new forms of service provision. A series of reports will be published in Spring 2010, culminating in a final report in July.

Commissioning

The Trust has continued to maintain a strong interest in commissioning and how this vital function could be strengthened to face the efficiency challenge ahead, as well as how joint health and social care commissioning could deliver better outcomes for patients.

A major contribution from the Trust to this critical issue during the last year was a consideration of how practice-based commissioning, a cornerstone of the Government's health service reforms in England since it was introduced in 2005, could be developed as the NHS faces a period of financial constraint. The policy has so far had limited success in engaging clinicians in decisions about how NHS money is spent and how local services are designed. The Trust's report, published in partnership with the NHS Alliance, considered how multi-specialty groups of clinicians – for example GPs as well as hospital-based specialists – could form new 'local clinical partnerships' that take on responsibility for designing, delivering and commissioning local health services. The report advocated these groups be handed real budgets and assume responsibility for the health outcomes of their local communities. The recommendations were welcomed by policymakers, practitioners, managers and academics as a potentially valuable way of engaging clinicians in reform.

The Trust's quantitative analysis continues to ensure the organisation develops a unique niche in the policy world. The Trust's contribution to this important new area of research has been acknowledged as providing significant benefits to the delivery of healthcare services in the UK. Since the financial year end, the Trust has completed a major 18-month study for the Department of Health to develop a more accurate method for allocating resources from primary care trusts (PCTs) to practice-based commissioning general practices. As part of the study, the Trust produced a robust person-based risk-adjusted model, relative to international models. The intention is for the Department of Health to use the model in allocations from PCTs to PBC practices across England in 2010/11. A final report from this project will be published by the Trust in Spring 2010.

Looking forward: 2010 work programme

The Trust's programme of work in this crucial area will examine why commissioning is still relatively weak in the NHS and how it could be strengthened. In partnership with The King's Fund, the Trust is producing two evidence-based 'think pieces' on the development of commissioning in the NHS in England since 1991, in particular practice-based commissioning. These reports will examine whether practice-based commissioning

should migrate to some form of (possibly competing) 'accountable health organisations' with multispecialty groups of clinicians holding real budgets for providing and commissioning local care. These monographs and an accompanying seminar are intended to stimulate the thinking of a new government on the subject.

The Trust will continue to develop predictive risk modelling techniques with innovative data linkage. The Trust will complete its DH-sponsored work to develop a model to predict high future use and cost of social care by individuals. This is intended to be of use to PCT commissioners and local authority funders of social care, or indeed integrated health and social care commissioning bodies. Alongside this, the Trust is using predictive risk modelling to examine the impact of several high profile interventions by commissioners to help improve wellness and reduce demand and cost of care: the POPPS (Partnerships for Older People Projects) initiative; the DH-funded whole system demonstrator sites which are piloting a range of Telehealth and Telecare devices in older people with chronic conditions; and the DH-funded integrated care pilots.

The Trust has been successful in securing a substantial research grant from the National Institute for Health Research NHS Service and Delivery (SDO) programme to examine how the most innovative PCTs are commissioning high quality care for people with long term conditions. This two-year project will start in December 2009.

The future organisation and delivery of care

The Trust has been active in 2008/09 in examining the potential for new forms of organising the delivery of care intended to benefit patients and taxpayers, and if so how this can be achieved. This has become a major policy theme and Lord Darzi's *NHS Next Stage Review* stated that integrated care provides considerable potential for improvements in patient care and experience, and in the efficiency of care. As the heat rises in the NHS to make efficiency savings and enhance quality, the appetite in the NHS for 'doing things differently' is increasing, including considering different forms of integration (for example, budgetary, organisational, professional and information), greater use of a more diverse range of providers, and the development of community-based 'office medicine' for many clinical specialties.

The Trust was at the heart of emerging discussions in this area and in 2009 we carried out a major study examining the features of high-performing integrated care organisations internationally. This project will report in 2010. Alongside this, the Trust held a series of well-attended lectures, in partnership with the Royal College of Physicians and Cambridge Health Network, by leaders of US organisations delivering integrated health care. In addition, the Trust published *Across the Pond – Lessons from the US on integrated healthcare* by former Harkness fellow Richard Gleave.

The Trust also organised a series of events throughout 2009 aimed at influencing thinking and policy during the pilot phase of the Department of Health's integrated care programme. The Trust published *Only Connect: Policy options for integrating health care*, and *Integrated Care: Lessons from evidence and experience*, based on the Roger Bannister Annual Health Seminar held in 2008. The Trust also advised the Department of Health on emerging policy in this area, for example on the integrated care pilot schemes, while senior staff at the Trust chaired and featured in a major session on integrated care at the NHS Confederation Annual Conference in June on integrated care.

As a direct result of the Trust's programme of work on integrated care, we have been approached by a number of NHS organisations who are interested in working with us to develop locally appropriate models of integrated care that are based on national and international best practice. The Trust is delighted that its work in this area has been recognised as having a direct benefit to the well-being and health of members of the public throughout the UK.

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Looking forward: 2010 work programme

The Trust will continue to examine ingredients of high-performing care organisations in the UK and internationally. A key project will be a study of health organisations internationally, for example in the US and the Netherlands, that aim to improve the co-ordination of care for patients with complex needs. The findings from this project will be published in Spring 2010. Alongside this, the Trust will publish a report that aims to define integrated care and how to assess evidence of its impact.

The Trust will also conduct an in-depth analysis of at least one site in the NHS that is trying radically to develop an 'office medicine' approach to the local organisation of care across primary, community, health and outpatient sectors of the NHS. The first site the Trust will track and support is Trafford PCT. The Trust is holding a series of four seminars running into 2010 that will examine the policy opportunities and barriers faced by four case study sites that are at the forefront of developing new forms of integrated care.

In addition, Professor Alan Garber, Stanford University, California, to whom the Trust awarded the 2009 Rock Carling Fellowship, is examining the incentives in the NHS that are helping or hindering the development of integrated care. To complement these pieces of work, the Trust will host a major seminar in Edinburgh on new developments in the organisation of care for people with long term conditions across the four UK countries. This will include assessment of progress of closer integration of health and social care providers.

Competition policy in health

Encouraging competition between providers is a key plank of Government health policy. Yet there is incomplete analysis on the extent to which competition is occurring, its impact, and how best to encourage competition in a climate of cutbacks and possible mergers. This issue has been a key emerging theme for the Trust and this year the Trust commissioned reports on competition between commissioners and on risk adjustment in Europe (risk adjustment is necessary for competition between commissioners and insurers to be effective). The Trust also completed analysis with colleagues at Imperial College quantifying changes in competitiveness in the NHS in England, in particular care provided by the independent sector. A paper has been submitted to a peer review journal, and presented at a session at the Trust's 2009 annual Health Policy Summit. Our work in this area continues to contribute to the evidence base – both nationally and internationally – on whether the use of competition improves the quality and efficiency of patient care.

Looking forward: 2010 work programme

In 2010, the Trust will hold a series of seminars on the subject of competition between providers, ending with a top level panel discussion to debate the key findings at the Trust's annual Health Policy Summit. Competition will be one of three main policy themes to be discussed at the annual conference. Having examined, quantitatively, the levels of market concentration amongst acute providers in the NHS, the Trust will update this analysis using 2008/09 data. The Trust will also extend its analysis to examine the current conditions for competition between primary care providers. A monograph will be published in Spring 2010 on the experience of competition between commissioners of health care in the Netherlands and the lessons for the NHS. The Trust will also update its analysis of the extent of market concentration of acute providers in the NHS in England, and extending it to markets in primary care.

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UK and international comparisons in healthcare

The Trust has long held the view that comparing health services, both within the UK and between the NHS and internationally, is vital for benchmarking and identifying good practice. By looking at established practice overseas the Trust has informed debate in the UK and brought the benefits of international experience to the attention of policy makers in the UK. The Trust has developed good relationships with a number of prominent international policymakers, practitioners and academics who are involved in some way in reforming health care. The Trust will continue to develop these relationships and thereby increase its role as a source of knowledge for the UK on the direction of key reforms abroad.

The Trust published *Becoming European: How France, Germany, Spain and the UK engage with European health policy*. Research is underway to study different models of care commissioning healthcare in Europe.

As highlighted above, the Trust held a series of seminars with US health care leaders to learn about integration from high quality health organisations in the US and to disseminate the learning within the NHS. These well-attended lectures, held in partnership with the Royal College of Physicians and Cambridge Health Network, provided an invaluable insight for policymakers, practitioners and academics in the UK into how some of the most successful US health organisations deliver integrated health care.

Since the financial year end, the Trust has held a number of seminars with international speakers on health care reform. Keynote speakers have included: Professor Naoki Ikegami, Keio School of Medicine, Japan; and Professor Larry Brown, Mailman School of Public Health, Columbia University, New York.

Looking forward: 2010 work programme

As part of refreshing its longstanding commitment to researching the effects on health of UK devolution, the Trust commissioned a major comparative study of performance of the NHS across the four countries of the UK. The findings from this project will be published in January 2010. Alongside this report, the Trust will host three seminars with colleagues from Wales, Scotland and Northern Ireland to discuss the relative performance of the NHS in each country; recent advances in predictive risk modelling; and the development of new forms of organising and delivering care for people with long term conditions.

The Trust will conduct research that will seek to examine the experience of GP organisations in New Zealand (independent practitioner associations) and to apply that learning to current and future health policy on primary/integrated care in New Zealand, the UK and more generally. As highlighted above in the Trust's work on competition, it will publish a monograph examining the lessons for the NHS of competition between commissioners in the Netherlands. The Trust will also publish the findings from a project analysing high performing care organisations in the US and the Netherlands.

In Spring 2010, the Trust will host a series of breakfast seminars on the latest reforms in Europe. With NHS North West the Trust will be making a case study visit of Techniker Krankenkasse (a large health purchasing organisation based in Hamburg) in March 2010. The Trust is also sponsoring a seminar for future leaders with the Salzburg Global Seminars Foundation, which will bring together key policymakers across Europe at a week-long event at Schloss Leopoldskron in Salzburg. The Trust will also continue co-sponsoring, with The Commonwealth Fund, the US–UK international meeting on Quality (scheduled for July 2010).

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Other major highlights

- Annual Health Strategy Summit – in March the Trust hosted its first annual Health Strategy Summit which attracted more than 100 of the most influential policymakers, clinicians, managers and academics both in the UK and internationally. The Summit used rich evidence from the UK, Europe and the US to examine the strategic, clinical, scientific and managerial issues confronting health leaders working to improve performance and outcomes for patients. Building on the success of the first summit, the Trust will host its second one in March 2010. In each session the latest evidence and perspectives across key themes such as efficiency, commissioning and competition will be dissected to give participants a uniquely rounded view of the reforms to date and their implications for the future. International case studies will also illuminate these issues. Held in the run up to the expected general election, the Summit will bring together UK and international health leaders to share their expertise and insight into how the NHS should respond as it enters a period of unprecedented economic uncertainty.
- Fellowships – a major new initiative from the Trust this year was co-sponsoring, with The Commonwealth Fund, the US-based Harkness Fellowships programme. This enables mid-career health professionals, academics and journalists to spend a year in the US studying and observing different aspects of the US health system. This year saw the appointment of the first four co-sponsored UK fellows, from a mixture of professional and academic backgrounds: areas of study include encouraging clinical leadership, the effective use of technology in nursing and reducing health inequalities. As well as support before and during their stay, the programme includes support for fellows to maximise the spread of learning via publications and seminars on their return. In addition, the Trust continues to offer the John Fry and Rock Carling Fellowships: outputs will include plenary sessions at the Trust's Health Strategy Summit. The Trust appointed Professor Alan Garber, Stanford University, as the 2009 Rock Carling Fellow. As noted above, Professor Garber is studying incentives to improve clinical and organisational performance in the NHS; his work will lead to a lecture and publication during 2010.
- Mutualism – increasing staff involvement and motivation is critical to NHS reform and in July the Trust published a major study of NHS staff involvement and motivation. *NHS Mutual: Engaging staff and aligning incentives to achieve higher levels of performance* compared employee ownership models in use within and outside the NHS and made appropriate policy recommendations. The report was preceded by a seminar series in which speakers from the John Lewis Partnership, Circle and Central Surrey Health presented examples of employee ownership and staff engagement as a basis for discussion of its relevance and application to the NHS. Key political figures from both the Government and the Opposition have since made speeches outlining their respective visions for handing over control of the way hospitals and PCTs are governed, bringing a greater degree of mutualism to healthcare than is currently the case.

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Financial review – *developing our financial base*

The financial statements for the year to 30 September have been presented as consolidated accounts for The Nuffield Trust for Research and Policy Studies in Health Services (the Trust), The Nuffield 1940 Trust and Nuffield Trading Limited.

Total incoming resources for the year were £3,375,000 (2008 - £2,627,000). During the prior year, the Trust benefited from a donation from the 1940 Trust of £74,334,000 as a result of the corporate restructuring.

In the financial year the Trust continued its strategy of developing its internal research capability alongside supporting externally commissioned projects.

The research contracts from the Department of Health were awarded at the end of the previous financial year and the bulk of the work on these contracts has been completed during this period with some work to be undertaken during future periods. Charitable expenditure relating to these contracts recognised during the year, excluding the costs of staff time spent on the contracts, amounted to £660,000 (2008 - £121,000).

The costs as detailed in note 7 include the management processes in commissioning the outsourced work and also the monitoring of the performance of all outsourced programmes and coordination of external advice including refereeing commissioned work.

Total resources expended during the year were £2,945,000 (2008 - £2,094,000). This includes grants awarded of £613,000 (2008 - £464,000).

Realised and unrealised gains on investment assets totalled £2,019,000 (2008 - unrealised loss of £14,603,000) reflecting the recovery in investment markets during the late summer of 2009 and contributing to a positive net movement in funds for the year of £2,449,000 (2008 - negative movement of £14,070,000).

The balance sheet remains strong with total investments of £60,869,000 (2008 - £59,017,000). Of the amount shown as creditors at the year-end of £985,000, £867,000 (2008 - £926,000 and £497,000), represents commitments to our work programme. The Charity Commission's Statement of Recommended Practice requires the charity to make provision for grant commitments (ie recognise them as liabilities) at the time when a constructive obligation arises. Broadly a constructive obligation will arise where there is a valid expectation on the part of the researcher that the funds will be made available without further conditions being imposed. In these circumstances, it is the policy of the Trust to recognise the whole cost of meeting the obligation under the grant, including where appropriate, the costs of disseminating research funded by the Trust.

Risk assessment

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to provide reasonable assurance that:

- The Trust is operating efficiently and effectively
- Proper records are maintained and financial information, used within the Trust or for publication, is reliable
- The Trust complies with relevant laws and regulations.

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The Finance Committee is responsible for monitoring the effectiveness of controls and reports to the Board and the results of such monitoring. In carrying out its responsibilities the Finance Committee considers:

- Procedures and protocols in place concerning the governance of financial and business practice.
- The risks associated with individual pieces of work and the cumulative risk of the project portfolio
- The importance of the investment portfolio to the long term future of the Trust
- The responsibilities of the Trust to its stakeholders.

The systems of controls operating within the Trust are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- Strategic and operational plans
- An annual budget and cash flow forecast
- Regular consideration by Trustees of actual results compared with budgets, forecasts, cashflow and balance sheet information
- Governance frameworks over areas of key risk
- Segregation of duties
- Identification of, and management of, risks through a comprehensive Risk Register
- Completion of project proposal documents which identify risk before approval is given for a project
- Regular and frequent monitoring of the investment portfolio
- Executive staff of sufficient calibre and experience to recognise and manage business risks.

The Trustees continue to review procedures and reporting systems to manage and reduce risk. The Trustees consider that one of the key prevailing risk is the long term loss of value of the Trust's endowment. To mitigate this the Trustees retain professional investment managers, who manage a balanced portfolio.

Investment review

The Trust's governing document does not restrict the Charity's power to invest.

The Trustees keep under review the investment policy and the investment objectives given to the Trust's investment managers, JP Morgan Asset Management. The Trustees agreed that with effect from 1 July 2007 the funds should be managed on a Total Returns basis and that the objectives should be:

- i. to increase in real terms the value of the Trust's assets over time;
- ii. to receive a return in the financial year 2008-09 of 4% of the value of funds net of fees measured over a rolling three year period;
- iii. there should be no direct investment in tobacco manufacturers.

Income earned on the investment portfolio was £2,338,000 for the year to September 2009 (2008 - £2,389,000). The portfolio of investments and cash on term deposit had a total value at September 2009 of £60,869,000 (2008 - £59,017,000).

As noted in the report for the prior year, on 31 March 2008, the Trustees agreed to invest €4.2million in JP Morgan Asset Management's European Property Fund. This commitment was called on 31 March 2009.

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In common with the stock market related assets of many charities, the market value of the portfolio at 30 September 2008 was significantly below the book value of the assets. The market value of the portfolio at 30 September 2009 is above the comparative figure for 2008 and shows an unrealised gain for the year of £1,875,000 (2008 unrealised loss £14,703,000), however it is still considerably below the book value of the assets. The Trustees continue to monitor the situation taking into account their long term responsibility to the Trust.

Policy on reserves

The Trust's funds are held as expendable endowment. Generally only income is spent and the capital retained although the Trust is able to spend capital if needed. The Trustees maintain funds in order to generate a sufficient yield to fund its current and future charitable activities.

It is the policy of the Trust to achieve a balance of income and expenditure, taking one year with another. The Trustees consider that this policy will enable the Trust to react swiftly and effectively to meet changing health policies. As at 30 September 2009 the expendable endowment fund amounted to £64,922,000 (2008-£62,473,000).

Subsidiary undertaking – Nuffield Trading Limited

During the year, the Trust has established a wholly owned trading subsidiary , **Nuffield Trading Limited**, to carry out non-charitable trading activity not covered by the Trust's main objectives.

The Board of Directors of Nuffield Trading Ltd is:

Charles Perrin (non-executive Chairman)
Andrew McKeon (non-executive)
Elizabeth Bishop
Jennifer Dixon

The Finance Committee of the Trust is charged with responsibility for overseeing the Trading Company on behalf of the Trustees.

All taxable profits are transferred to the Trust by Gift Aid so there is no corporation tax liability. Turnover for the year was £40,000 and the profits for the year before Gift Aid transfer were £33,000.

Connected charity

The 1940 Trust (charity number 209201), is a connected charity of the Trust as during the period under review the Trust was its sole Trustee. The 1940 Trust was dormant during the year and has no assets or liabilities. The 1940 Trust, which is inactive, will shortly be removed from the Register of Charities.

The Nuffield Trust
for Research and Policy Studies in Health Services

Trustees' report
for the year ended 30 September 2009

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees (who are the directors for the purposes of company law) to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the group and charity financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the profit or loss 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;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

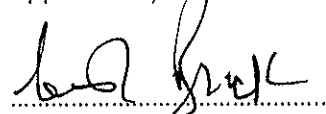
Financial statements are published on the charitable company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

The current trustees have taken all steps they ought to have to make themselves aware of any information needed by the Charity's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.

Approved by the Chair on behalf of The Nuffield Trust



Chair, The Nuffield Trust

14th Dec 2009.

Date

The Nuffield Trust
for Research and Policy Studies in Health Services

Independent auditor's report
for the year ended 30 September 2009

To the members of The Nuffield Trust for Research and Policy Studies in Health Services

We have audited the financial statements of The Nuffield Trust for the year ended 30 September 2009 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

The Nuffield Trust
for Research and Policy Studies in Health Services

Independent auditor's report (continued)
for the year ended 30 September 2009

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the group financial statements give a true and fair view of the state of the group's affairs as at 30 September 2009, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the parent charitable company financial statements give a true and fair view of the state of the parent charitable company's affairs as at 30 September 2009;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees Annual Report is consistent with the financial statements.



Donald Bawtree, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Epsom
United Kingdom

Date: 11 Dec 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

The Nuffield Trust
for Research and Policy Studies in Health Services
Consolidated statement of financial activities
for the year ended 30 September 2009

	Note	Unrestricted funds 2009 £'000	Expendable endowment fund 2009 £'000	Total funds 2009 £'000	Total funds 2008 £'000
Incoming resources					
Income resources from generated funds:					
Voluntary income: Donations		1	-	1	-
Investment income	4	-	2,379	2,379	2,525
Incoming resources from charitable activities	5	902	-	902	91
Other income		93	-	93	11
Total incoming resources		<u>996</u>	<u>2,379</u>	<u>3,375</u>	<u>2,627</u>
Resources expended					
Costs of generating funds					
Investment management costs	6	-	(25)	(25)	219
Charitable activities	7	2,886	-	2,886	1,377
Governance costs	8	84	-	84	498
Total resources expended		<u>2,970</u>	<u>(25)</u>	<u>2,945</u>	<u>2,094</u>
Net incoming/(outgoing) resources for the year		(1,974)	2,404	430	533
Transfers	10	1,974	(1,974)	-	-
Net incoming resources for the year before other recognised gains and losses		-	430	430	533
Other recognised gains and losses					
Realised and unrealised gains/(losses) on investment assets		-	2,019	2,019	(14,603)
Net movement in funds		-	2,449	2,449	(14,070)
Balances brought forward at 1 October 2008		-	62,473	62,473	76,543
Balances carried forward at 30 September 2009		<u>-</u>	<u>64,922</u>	<u>64,922</u>	<u>62,473</u>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 20 to 33 form part of these financial statements.

The Nuffield Trust
for Research and Policy Studies in Health Services
Company number 382452

Consolidated and Charity balance sheet at 30 September 2009

	Note	Consolidated 2009 £'000	Consolidated 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Fixed assets					
Tangible assets	11	2,103	2,091	2,103	2,091
Investments	12	60,869	59,017	60,869	59,017
		62,972	61,108	62,972	61,108
Current assets					
Debtors	13	79	133	96	133
Short term deposits	14	2,820	2,151	2,820	2,151
Cash at bank and in hand		74	23	51	23
		2,973	2,307	2,967	2,307
Creditors: amounts falling due within one year	15	(986)	(926)	(980)	(926)
Net current assets		1,987	1,381	1,987	1,381
Creditors: amounts falling due After one year	16	(37)	(16)	(37)	(16)
Net assets		64,922	62,473	64,922	62,473
Funds					
Expendable endowment fund	17	64,922	62,473	64,922	62,473

Approved by the Chair on behalf of the Trustees of The Nuffield Trust and authorised for issue on


Chair, The Nuffield Trust

The notes on pages 20 to 33 form part of these financial statements.

**The Nuffield Trust
for Research and Policy Studies in Health Services**

**Notes forming part of the financial statements
for the year ended 30 September 2009**

1 Accounting policies

The accounts have been prepared under the historical cost convention (except for investments, which are valued at market value; and a leasehold property, which is valued at deemed cost) and in accordance with the revised Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), issued in March 2005, applicable Accounting Standards and the Companies Act 2006. The accounts include the results of the group's operations which are described in the Trustees' Report.

The principal accounting policies of the Trust are shown below.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertakings, all of which were prepared to 30 September 2009. The trading results of the subsidiary undertakings as shown in Note 21 are consolidated on a line by line basis within the consolidated statement of financial activities (SOFA). A separate SOFA for the charity is not presented as permitted by the SORP and the Companies Act 2006. However, in accordance with paragraph 397 of SORP 2005, the results of the Trust are summarised in note 20.

Merger accounting

In the group financial statements, merged subsidiaries are treated as if they had always been a member of the group. The results of such a subsidiary are included for the whole period in the year it joins the group. The corresponding figures for the previous period, the assets and liabilities at the balance sheet date and any shares issued by the company as consideration, are treated as if they had always been in issue.

Cashflow statement

The group has taken advantage of the exemption conferred by Financial Reporting Standard 1 *Cash Flow Statements (Revised 1996)* not to prepare a cash flow statement on the grounds that the company is 'small' under Companies Act 2006.

Incoming resources

All incoming resources are recognised once the group and charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Investment income

Dividends and interest are included on an accruals basis.

Dividends and interest are stated inclusive of the relevant tax claim as the Trust has activities that are not liable to income tax.

**The Nuffield Trust
for Research and Policy Studies in Health Services**

**Notes forming part of the financial statements
for the year ended 30 September 2009 (continued)**

1 Accounting policies (continued)

Income from charitable activities

Revenue from performance related grants and contracts is recognised only when funds have been utilised to carry out the activity stipulated in the agreement. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Resources expended

These comprise costs of generating funds, charitable expenditure and governance costs.

Costs of generating funds comprises expenses relating to management of the charity's investments and all costs associated with the charity's subsidiary company.

Direct charitable expenditure comprises Commissioned Work and expenditure on performance related charitable contracts directly relating to the objects of the charity. Commissioned work is allocated and recognised as expenditure in full in the year of approval from the General Fund on the basis of the anticipated expenditure during the tenure of each piece of commissioned work. Expenditure on performance related contracts is recognised only when the activity stipulated in the agreement has been completed. This is generally equivalent to the sum of the relevant recognised income during the year.

Support costs include those relating to business support (including human resource and general administration expenses), executive management, finance, and information systems. The details of support costs are shown under note 7.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

Fixed assets

Furniture and equipment acquisitions have been capitalised and depreciation provided for at 25% on an annual straight line basis.

The leasehold premises, which were originally acquired by the 1940 Trust in 1992, are depreciated over the remaining 74 years of the lease. Straight line depreciation of 5% per annum is applied to capital additions. The Trustees consider whether there has been any impairment of the property on an annual basis.

Fixed assets investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposal throughout the year.

**The Nuffield Trust
for Research and Policy Studies in Health Services**

**Notes forming part of the financial statements
for the year ended 30 September 2009 (continued)**

1 Accounting policies (continued)

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

Staff pensions

The Trust is a member of two final salary pension schemes – the USS (Universities Superannuation Scheme) and the NHS Pensions Scheme.

Contributions to the USS were made on behalf of one employee (2008 - 1). The USS had its last actuarial valuation as at 31 March 2008 as a result of which the scheme has increased the employer's contribution rate from 14% to 16% with effect from 1 October 2009. The 2008 actuarial report is available on www.usshq.co.uk.

The Trust became a Direction Authority member of the NHS scheme from 1 February 2008. Contributions were made during the year on behalf of 2 (2008 - 1) employees. Employee contribution rates vary from 5% to 8.5% depending on the member's pensionable earnings. Employer contributions are set by the Government Actuary at 14% for all members. Various changes were made to the scheme from 1 April 2008 which affected the definitions of pensionable earnings and contribution levels. The NHS Pension Scheme is unfunded but as a statutory scheme, benefits are fully guaranteed by the Government.

In addition, the Trust established the Nuffield Group Personal Pension Plan (NGPPP) on 1 April 2009. This is a defined contribution pension scheme administered by Legal & General. Employees are required to contribute a minimum of 4% of salary and the Trust contributes 14%. Staff who joined NGPPP at inception were offered the opportunity of backdating their contributions to the later of the date they joined the Trust or 1 April 2008. 11 members of staff have joined the scheme.

Funds

The expendable endowment fund was created by a donation from the Nuffield 1940 Trust. The income from this fund is on the terms equivalent to the objects of the Trust and is therefore not restricted. The terms of the fund allow the income to be accumulated and the capital to be spent as the Trustees determine.

**The Nuffield Trust
for Research and Policy Studies in Health Services**

**Notes forming part of the financial statements
for the year ended 30 September 2009 (continued)**

2 Subsidiaries

The Trust owns the whole of the issued capital amounting to £1 (1 ordinary share of £1 each) of Nuffield Trading Limited, a company registered in England & Wales with number 6898100. Its principal activity is non-charitable trading activity not covered by the Trust's main objectives. Nuffield Trading Limited gift aids its entire profit to The Trust under a deed of covenant.

The Trust is also the sole trustee of The Nuffield 1940 Trust, charity number 209201. The Nuffield 1940 Trust was dormant during the year.

3 Transfer of assets

On 30 November 2007 the activities, liabilities and some of the assets were transferred from an unincorporated charity The Nuffield 1940 Trust, charity number 209201. On that date, the Trust became the sole trustee of the unincorporated charity. The consolidated financial statements have been prepared in accordance with the group reconstruction principles of FRS 6 'Acquisitions and Mergers' using the merger accounting method for the combination of the Group. Accordingly, the group's financial statements for the years ended 30 September 2009 and 30 September 2008 have been prepared as if the Trust had always been the parent company of the group. The Statement of Financial Activities reflects the group's activities for the years ended 30 September 2009 and 30 September 2008 and the consolidated Balance Sheets present the group's state of affairs at the end of those time periods.

The Statement of Financial Activities (SoFA) and Balance Sheet consolidate the financial statements of the charity and its subsidiary undertakings using acquisition or merger methods of accounting. The results of the subsidiaries are consolidated on a line by line basis.

4 Investment income

	2009	2008
	£'000	£'000
Investment income received in the year was made up as follows:		
Investment portfolio	2,338	2,389
Bank interest	41	136
	<hr/>	<hr/>
	2,379	2,525
	<hr/> <hr/>	<hr/> <hr/>

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 (*continued*)

	2009 £'000	2008 £'000
5 Income from commissioned work		
Income from projects	902	91
	902	91
 6 Costs of generating funds		
Investment management fees – charged	208	219
Offset against portfolio valuation	(233)	-
	(25)	219
	(25)	219

The Trust invests in JPMorgan comingled funds whereby the investment management fee is deducted from the capital value of the investments. As an institutional investor, the Trust has negotiated a lower overall management fee and the difference is rebated to the Trust during the year. Previously rebates were netted against the value of investments, although to ensure fuller disclosure during the current year, and in future, this credit will be shown separately. The associated offset in the prior year was £198,000.

7 Charitable expenditure

	Commissioned work £'000	Grants awarded £'000	Direct spend £'000	Support costs £'000	Total 2009 £'000	Total 2008 £'000
General	-	-	-	137	137	758
<i>Efficiency in health systems</i>	-	238	19	223	479	-
<i>Commissioning</i>	660	-	-	572	1,232	109
<i>The future organisation & delivery of care</i>	-	88	28	101	218	-
<i>Competition</i>	-	-	12	11	23	-
<i>UK & international comparisons in healthcare</i>	-	86	17	89	192	352
Events seminars and core work	-	74	124	170	368	-
Fellowship programme	-	127	-	110	237	158
	660	613	200	1,413	2,886	1,377
	660	613	200	1,413	2,886	1,377

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

8 Allocation of support costs

	Charitable activities 2009 £'000	Governance 2009 £'000	Total allocated 2009 £'000	Total 2008 £'000
Staff costs <i>(nature of charge)</i>	904	-	904	344
Premises costs <i>(nature of charge)</i>	272	-	272	143
General costs <i>(use of area and staff time)</i>	136	27	163	110
Support costs <i>(staff time)</i>	33	8	41	4
Travel and hospitality <i>(use of area & staff time)</i>	(1)	-	(1)	8
Professional fees and other costs <i>(staff time)</i>	69	17	86	472
Governance fees <i>(nature of charge)</i>	-	32	32	67
	1,413	84	1,497	1,148

Trustees expenses included in general costs above amount to £15,500 (2008 - £3,000).

Governance fees include audit fees of £15,000 (2008 - £11,750), Charity only £15,000 (2008 - £11,750).

9 Staff emoluments

	2009 £'000	2008 £'000
Salaries costs	726	299
Social Security costs	82	25
Pension costs	96	20
	904	344

The average number of employees employed by the group during the year was 14 (2008 - 5), with 14 employed by the charity (2008 - 5).

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 (continued)

Higher paid employees – Group and Charity

The number of employees for whom remuneration exceeding £60,000 were:

	2009 £'000	2008 £'000
£ 70,000 to £ 80,000	1	-
£ 80,000 to £ 90,000	1	1
£130,000 to £140,000	1	-

Contributions were made to the Nuffield Trust Group Personal Pension Plan, which is a defined contribution scheme for 1 (2008 - none) higher paid employee and to the NHS Pension Scheme, which is a defined benefit scheme for 2 (2008 – 1) higher paid employees.

Secondment

The Trust has benefitted for part of the year by having 1 employee (2008 – none) on secondment from the London NHS Deanery's Specialist Training Programme in Public Health Medicine. The Trust gratefully acknowledges the support of the programme to the value of approximately £29,000.

10 Transfer between funds

Under the terms of the expendable endowment, any shortfall in unrestricted funds can be transferred from the expendable endowment.

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

11 Tangible fixed assets

Consolidated and parent charity

	Leasehold properties £'000	Furniture and equipment £'000	Total £'000
<i>Cost or valuation</i>			
At 1 October 2008	2,040	79	2,119
Additions	49	36	85
Disposals	-	(5)	(5)
	<hr/>	<hr/>	<hr/>
At 30 September 2009	2,089	110	2,199
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 October 2008	(22)	(6)	(28)
Provision during the year	(35)	(35)	(70)
Disposals	-	1	1
	<hr/>	<hr/>	<hr/>
At 30 September 2009	(57)	(40)	(97)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 September 2009	2,032	71	2,103
	<hr/>	<hr/>	<hr/>
At 30 September 2008	2,018	73	2,091
	<hr/>	<hr/>	<hr/>

The leasehold properties were transferred from the 1940 Trust on 30 November 2007 at deemed cost.

**The Nuffield Trust
for Research and Policy Studies in Health Services**

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

12 Fixed asset investments

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
<i>Quoted investments</i>				
Market value at 1 October 2008	56,857	71,948	56,857	-
Additions	9,650	1,467	9,650	1,077
Transfer from the 1940 Trust	-	-	-	70,274
Disposals	(8,460)	(1,855)	(8,460)	(1,855)
Unrealised gains / (losses)	1,875	(14,703)	1,875	(12,639)
	<hr/>	<hr/>	<hr/>	<hr/>
Market value at 30 September 2009	59,922	56,857	59,922	56,857
Short term deposits	947	2,160	947	2,160
	<hr/>	<hr/>	<hr/>	<hr/>
Total investments at 30 September 2009	60,869	59,017	60,869	59,017
	<hr/>	<hr/>	<hr/>	<hr/>
Historical cost as at 30 September 2009	70,480	67,716	70,480	67,416
	<hr/>	<hr/>	<hr/>	<hr/>
The geographical split of investments is as follows:				
<i>UK</i>				
Equities	35,697	33,075	35,697	33,075
Fixed interest bonds	5,133	9,593	5,133	9,593
<i>Overseas</i>				
Equities	18,464	13,609	18,464	13,609
<i>Other</i>				
Cash deposit	628	614	628	614
Cash in hand	947	2,126	947	2,126
	<hr/>	<hr/>	<hr/>	<hr/>
	60,869	59,017	60,869	59,017
	<hr/>	<hr/>	<hr/>	<hr/>

The following assets each represent more than 5% by value of the total portfolio as at 30 September 2009:

	£'000
JP Morgan UK Equity Fund for Charities	32,252
JP Morgan Bond Fund for Charities	5,133
JP Morgan Continental Europe Fund	3,580
JP Morgan European Property Fund	3,689

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

13 Debtors

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Prepayments	32	38	32	38
Other debtors	47	95	24	95
Amounts owed by subsidiary company	-	-	40	-
	<u>79</u>	<u>133</u>	<u>96</u>	<u>133</u>

14 Short term deposits

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Coutts Bank Deposit accounts	210	1,911	210	1,911
CCLA Term Deposit	2,610	240	2,610	240
	<u>2,820</u>	<u>2,151</u>	<u>2,820</u>	<u>2,151</u>

15 Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Tax and social security	-	36	-	36
Commissioned work commitment	867	497	867	497
Accruals and other creditors	119	393	113	393
	<u>986</u>	<u>926</u>	<u>980</u>	<u>926</u>

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

16 Creditors: amounts falling due after one year

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Reserve for leasehold obligations	37	-	37	-
Commissioned work commitment	-	16	-	16
	<u>37</u>	<u>16</u>	<u>37</u>	<u>16</u>

17 Funds

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
<i>Expendable endowment fund</i>				
Balance at 1 October 2008	62,473	76,543	62,473	76,543
Excess of income over expenditure /(expenditure over income) from financial activities	2,449	(14,070)	2,449	(14,070)
	<u>64,922</u>	<u>62,473</u>	<u>64,922</u>	<u>62,473</u>

The expendable endowment fund was originally created by a gift from Viscount Nuffield in June 1940 to The Nuffield 1940 Trust.

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

18 Grants awarded	2009 £'000	2008 £'000
Performance of NHS Across 4 UK Countries	80	25
Professional attitudes and behaviours	74	25
Professional regulation	-	43
Other	16	61
<i>Efficiency in health systems programme</i>		
NHS Mutual	49	61
New Frontiers in NHS Efficiency	189	-
Transitions in NHS Management	-	46
<i>The future organisation and delivery of care programme</i>		
NZ IPA Story – Surviving to Thrive	55	-
Trafford PCT ICO	26	-
Integrated care seminar at Leeds Castle	-	36
Other	7	9
<i>UK and international comparisons in healthcare programme</i>		
Case Studies of Primary Care Organisations in Europe	22	-
Health Quality Conference	55	113
Hospital Configuration on W Europe	-	27
Other	9	15
<i>Fellowship programme</i>		
Rock Carling Fellowship	34	-
Harkness Fellowship	93	87
Other	-	2
Grants withdrawn	(96)	(86)
	<u>613</u>	<u>464</u>

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

19 Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net assets £'000	Total £'000
Group and Charity				
Expendable endowment fund	2,103	60,869	1,950	64,922
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Summarised results for the Trust

Of the group surplus for the year of £2,449,000 (2008 – deficit of £14,070,000), the income and expenditure relating to the Trust is as follows:

	Group £'000	The Trust £'000
Trust		
Total incoming resources	3,374	3,367
Total resources expended	2,944	2,937
	<u> </u>	<u> </u>
Net incoming resources before other gains/losses	430	430
	<u> </u>	<u> </u>
Net movement in funds	430	430
	<u> </u>	<u> </u>

21 Summarised results for subsidiary entities

Of the group surplus for the year of £2,449,000 (2008 – deficit of £14,070,000), the income and expenditure relating to its subsidiary entities is as follows:

	Nuffield Trading Ltd £'000	The 1940 Trust £'000
Total incoming resources	40	-
Total resources expended	40	-
	<u> </u>	<u> </u>
Net incoming resources before other gains/losses	-	-
	<u> </u>	<u> </u>
Net movement in funds	-	-
	<u> </u>	<u> </u>

The Nuffield Trust
for Research and Policy Studies in Health Services

Notes forming part of the financial statements
for the year ended 30 September 2009 *(continued)*

22 Staff pensions

The Trust is a member of two final salary pension schemes – the USS (Universities Superannuation Scheme) and the NHS Pensions Scheme.

Contributions to the USS were made on behalf of one employee (2008 - 1). The USS had its last actuarial valuation as at 31 March 2008 as a result of which the scheme has increased the employer's contribution rate from 14% to 16% with effect from 1 October 2009. The 2008 actuarial report is available on www.usshq.co.uk.

The Trust became a Direction Authority member of the NHS scheme from 1 February 2008. Contributions were made during the year on behalf of 2 (2008 - 1) employees. Employee contribution rates vary from 5% to 8.5% depending on the member's pensionable earnings. Employer contributions are set by the Government Actuary at 14% for all members. Various changes were made to the scheme from 1 April 2008 which affected the definitions of pensionable earnings and contribution levels. The NHS Pension Scheme is unfunded but as a statutory scheme, benefits are fully guaranteed by the Government.

In addition, the Trust established the Nuffield Group Personal Pension Plan (NGPPP) on 1 April 2009. This is a defined contribution pension scheme administered by Legal & General. Employees are required to contribute a minimum of 4% of salary and the Trust contributes 14%. Staff who joined NGPPP at inception were offered the opportunity of backdating their contributions to the later of the date they joined the Trust or 1 April 2008. 11 members of staff have joined the scheme.

The pension charge for the period for all three schemes was £96,000 (2008 - £18,000)