Report and financial statements

For the year ended 30 September 2017

The Nuffield Trust for Research and Policy Studies in Health Services
Charity number: 209169
Company number: 382452
The Nuffield Trust
59 New Cavendish Street
London W1G 7LP

nuffieldtrust

The Nuffield Trust

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

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Board of trustees

Andrew McKeon (Chair)
Dr Rosie Benneyworth *(appointed 26 September 2017)*
Dr Jocelyn Cornwell
Sir Michael Deegan CBE
Tara Donnelly *(appointed 26 September 2017)*
Professor Tim Evans
Dr Jonathan Fielden *(resigned 31 December 2016)*
Ian Krieger FCA
Kathryn Matthews
Julia Palca
Sir Hugh Taylor KCB
Dr Christian van Stolk

Andrew McKeon is the Chair of the Governance and Remuneration Committee, the other members of which are Jocelyn Cornwell, Mike Deegan, Ian Krieger and Julia Palca.

Ian Krieger is the Chair of the Finance Committee. Other members are Tim Evans, Kathryn Matthews and Christian van Stolk.

Non-Trustee Member of Finance Committee: Kevin Lowe FCA

Company secretary

David Miller

Senior staff

Nigel Edwards, Chief Executive

John Appleby, Director of Research and Chief Economist

Helen Buckingham, Senior Fellow (from 1 March 2017)

Candace Imison, Director of Policy

Fiona Johnson, Director of Communications

David Miller FCA, Director of Finance and Administration

Senior associates

Professor Gwyn Bevan

Professor John Billings

Professor Nick Black

Sharon Lamb

Dr Richard Lewis

Professor Marcus Longley

Professor Nicholas Mays

Professor Judith Smith

Professor Peter Smith

Dr David Steele OBE

Nicholas Timmins

Dan Wellings

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, West Gatwick, West Sussex RH6 0PA

Bankers

CCLA, 80 Cheapside, London EC2V 6DZ

Coutts & Co, 440 Strand, London WC2R 0QS

Scottish Widows, 69 Morrison Street, Edinburgh EH3 8YF

Investment managers

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Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Legal advisers

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

Charity number

209169

Trustees' annual report

The Trustees present their report and the financial statements of the charity for the year ended 30 September 2017. The Trustees have prepared the financial statements in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic (FRS102) (effective 1 January 2015) – Charities SORP (FRS102)* and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The objects of The Nuffield Trust for Research and Policy Studies in Health Services (the Trust) 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, in particular through the promotion of improvements in the quality of health care and health policy. The Trustees have developed and adopted the following statement of purpose to underpin and guide the future work of the Trust.

Our vision

We want to help achieve a high-quality health and social care system that improves the health and care of people in the UK.

Our mission

We set out to do this by:

- improving the evidence base that leads to better care
- undertaking rigorous applied research and policy analysis to improve policy-making and practice
- providing expert independent commentary and analysis
- bringing together policy-makers, practitioners and others to develop solutions to the challenges facing the health and social care system.

Board of Trustees

The Trustees meet as a Board four times a year and consider all matters relating to the governance of the organisation and their responsibilities as Trustees. The June 2017 Board meeting was used by the Trustees, together with the Senior Management Team, to set the themes for the Trust's work programme for the coming year and to consider the longer-term strategy.

We agreed that in pursuing our mission, we should aim to work on issues that are important to patients; where the presenting situation may be amenable to change; where we can challenge orthodox thinking; help our audiences develop new insights; and where we can harness the expertise and enthusiasm of our staff.

In addition, there are two Board committees. The Governance, Nominations and Remuneration Committee typically meets four times a year and has a remit to consider matters relating to the appointment of new Trustees and Board development, governance issues for the organisation, and the remuneration of senior executives.

The Finance Committee meets at least four times a year and has responsibility for overseeing the financial functions of the Trust. This includes recommending the budget to the Board; appraisal of certain projects and contracts; and monitoring of the risk and investment management processes.

New Trustees follow an induction programme to gain familiarity with the Trust's work, governance procedures and ethos. The Trust maintains a Register of Interests for Trustees and Senior Management.

Day-to-day management of the Trust's functions is the responsibility of the Chief Executive and the Senior Management Team, who operate within discretionary powers and protocols delegated by the Board.

The Chair of Trustees is Andrew McKeon (formerly a career public servant with the Department of Health and the Audit Commission) and the Chair of the Finance Committee is Ian Krieger (former Senior Partner and Vice-Chairman of Deloitte).

Other Trustees who served during the year are:

- Dr Rosie Benneyworth (Vice Chair of the National Institute for Health and Care Excellence and GP adviser to the Somerset Sustainability and Transformation Partnership)
- Dr Jocelyn Cornwell (Chief Executive and Founder of The Point of Care Foundation)
- Sir Michael Deegan CBE (Chief Executive, Central Manchester University Hospitals NHS Foundation Trust)
- Tara Donnelly (Chief Executive, Health Innovation Network)
- Professor Tim Evans (National Director for Clinical Productivity, Department of Health and formerly Medical Director and Deputy Chief Executive, Royal Brompton and Harefield NHS Foundation Trust)
- Dr Jonathan Fielden (formerly Director of Specialised Commissioning and Deputy National Medical Director, NHS England)
- Kathryn Matthews (Director of Rathbone Brothers plc, BT Investment Management Limited and J.P. Morgan Chinese Investment Trust)
- Julia Palca (Chair, Macmillan Cancer Support)
- Sir Hugh Taylor (Chairman, Guy's and St Thomas' NHS Foundation Trust)
- Christian van Stolk (Vice President at RAND Europe)
- Kevin Lowe, a non-Trustee member of the Finance Committee (Director of PwC with extensive experience in both the charity and health sectors).

None of the Trustees have received any payment, other than the reimbursement of expenses.

Senior associates

As well as our permanent staff, we are fortunate in being able to call on the expertise of our Senior Associates. Senior Associates are nationally known academics, clinicians, managers and policy-makers who contribute 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 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: in particular, the Trustees consider how activities will contribute to the aims and objectives they have set. The main activities and beneficiaries are described in this report.

The Trust works to promote improvements in the quality of health care and health policy. In so doing, it seeks to improve patient care and health for all members of the public. All our charitable activities focus on health care policy and practice and are undertaken to further our charitable purpose for the public's benefit. The Trustees confirm, in light of the guidance, that the aims of the Trust fully meet the public benefit test and that the activities described in this report are undertaken in pursuit of its aims.

Overview

When we published our five-year strategy in November 2015, we set ourselves an overarching and continuing aim to be a trusted and respected source of evidence-based research and objective analysis which addresses the unprecedented challenges facing the NHS and social care system. The challenges have not diminished in the succeeding period – quite the opposite – and the external political environment has become more uncertain in the aftermath of the referendum decision in May 2016 to leave the European Union following a general election in May 2017 that failed to yield a stable majority government.

Our strategy also set out our intention to bring the Nuffield Trust closer to senior leaders and clinicians, and to provide analysis and networking events that support them in difficult times. This convening work has continued to prosper and grow over the past year. Notwithstanding the many demands on people's time, meetings of the New Cavendish Group, our network for chief officers of clinical commissioning groups, our Sustainability and Transformation Partnership (STP) seminars and our Brexit briefings have all been well attended and well received.

A highlight of the year was our ninth annual Health Policy Summit, attended for the first time by our royal patron, Her Royal Highness The Princess Royal, who gave a keynote address which drew on her extensive experience of working with carers and charities.

The Summit also saw the launch of a flagship report, intended to help service leaders working in the 44 STPs. *Shifting the balance of care: Great expectations* examined 24 commonly used initiatives to move care out of hospital and closer to home, to establish whether the new models of care delivery improve care for patients, reduce hospital admissions and save cost. While many do deliver better care, most do not save cost and some are more expensive than traditional models. This report has been widely praised. It is cited by NHS England as a resource for STP leaders, is referenced in a House of Commons Library briefing and has been presented to the Scottish Government.

We have continued to monitor health care developments across the UK, building on a long tradition of research in and across the four countries. Our report *Learning from Scotland's NHS* was published in July. It found that Scotland's sustained and consistent approach to quality improvement offers valuable lessons for the rest of the UK. The report is our most downloaded publication of the year.

Our analytical work provides rigorous statistical analysis on the quality of care and different ways of providing it and is geared to supporting service leaders and practitioners. On NHS funding we have also challenged over-optimistic presentations of the true state of NHS finances while acknowledging the huge productivity and efficiency savings achieved in recent years. *Feeling the crunch* and *The bottom line* have been cited in the 2016 and 2017 annual reports of the Care Quality Commission (CQC).

Many of our research programmes span more than a single year. Our project on models of generalist and specialist care in smaller acute hospitals, medical generalism, funded by the National Institute for Health Research (NIHR), runs through to late 2018. Important insights are emerging from an analysis of international models and from case study sites, and these were presented by Dr Louella Vaughan at the Society for Acute Medicine international conference in September.

Next, we report on a substantial work programme in the five principal areas identified in our corporate strategy, show how policy and decision makers have used our evidence to inform or adapt their plans, and document the profile our work has achieved. Having discussed these five areas of work, in sections 6–8 we discuss two other strands of essential work that cut across several of these work programmes – namely events, networks and debates, and UK and international work – then provide evidence of our overall organisational impact.

1. NHS and social care reform

The NHS in England is now half-way through a five-year savings and reform agenda, based on the Five Year Forward View. Scotland, Wales and Northern Ireland also face major challenges in delivering comprehensive services in a climate of continued austerity and in the face of rising demand and technological change.

Objectives for this work programme

Our objectives for our work on NHS and social care reform remain broadly the same: to provide high-quality evidence, authoritative analysis and timely commentary on the challenges that face leading clinicians, service leaders and policy-makers. Our work on Brexit has become a significant addition to the programme.

Public benefit of this work

It is important that high-quality evidence is brought to bear on the major decisions affecting the funding and provision of health and social care services. These are essential services funded by general and local taxation, as well as by individuals and families. The public interest

therefore requires that service changes and reconfiguration be subject to scrutiny and challenge. Our work offers independent and objective analysis to parliamentarians and others which allows them to judge the merits of major reforms and policy initiatives.

1.1 Brexit

The implications of Brexit for health and social care are set to be profound. We have focused our analytical work on the implications of Brexit for the health and social care workforce, the need to preserve existing rights to access health services and the importance of maintaining a uniform and collaborative approach to the regulation of medicines and medical devices. We held two breakfast briefings on Brexit in January and June, with a third planned for October. Mark Dayan's briefing *Getting a Brexit deal that works for the NHS*, published ahead of the general election, was referenced 1,300 times in broadcast media.

As a result of this work, Mark Dayan was asked to give evidence to the House of Lords EU Home Affairs Committee in September.

1.2 NHS funding and finance

In September 2016, shortly after joining the Nuffield Trust as Chief Economist and Director of Research, John Appleby produced an analysis of new fiscal projections from the Office for Budget Responsibility. This showed that if NHS spending were to rise in line with previous patterns and in response to demographic and social change and medical innovation, it is arguably fully sustainable as a tax-funded system. This work was picked up and referenced in a report by the House of Lords Committee on the Sustainability of the NHS published in April 2017.

In November 2016, we joined forces with The King's Fund and The Health Foundation to provide a shared analysis of the state of NHS and social care funding ahead of the Autumn Statement. We concluded that putting social care on a sustainable financial footing was the most urgent priority for the Chancellor. A cash injection was provided but a Green Paper on longer-term solutions has been further delayed.

Sally Gainsbury's analysis of NHS funding challenges through to 2020, *Feeling the crunch*, first published in August last year, was widely cited throughout 2017 as providing a definitive picture of the real level of trust deficits in England.

A successor publication, *The bottom line*, published in August this year, exposes a £3.7 billion persistent deficit, in marked contrast to the £800 million acknowledged in the Department of Health published accounts.

In the run up to the general election in May 2017, we published an analysis of the three major parties' spending plans, revealing none to be adequate for the likely growth in demand.

In July, John Appleby's analysis with Ben Gershlick of the Health Foundation of UK health spending in comparative context was published by the *BMJ*. The study, entitled *Keeping up with the Johanssons,* explored the impact of the OECD's revised method of counting health spending. The report received widespread follow-up coverage. John Appleby has spoken on NHS funding to the Royal College of Physicians and to Imperial College, City University and Cambridge University this year.

Impact of this work

Work on NHS finances makes a major contribution to the profile of the Nuffield as an authoritative source of intelligence. *Feeling the crunch*, published in August 2016, went on to be cited by the CQC in its State of Care report in October 2016 and by the National Audit Office report on NHS sustainability in December last year.

Analysis by John Appleby and Sally Gainsbury has been reported in national broadcast media, broadsheet and specialist press and in leading financial and management journals including the *Financial Times*, the *Health Service Journal* and *Public Finance*. Our report *The bottom line* is referenced in a recent House of Commons Library briefing on Sustainability and Transformation Partnerships.

1.3 Sustainability and Transformation Partnerships

Our analytical work on NHS funding remains an important 'reality check' for the leaders of the 44 Sustainability and Transformation Partnerships STPs as they move nearer to implementation. We held a second workshop for STP leaders in January, and Nigel Edwards took part in both an *HSJ* workshop on STPs and another for the Greater London Authority.

We have undertaken some important, bespoke analysis of STP plans to reconfigure services, reduce bed numbers and deliver savings. The London Mayor, Sadiq Khan, commissioned The King's Fund and the Nuffield Trust to deliver a report on the five London STPs. Nigel Edwards and Sally Gainsbury undertook the analytical work on bed numbers and financial projections respectively. The report warns that given population growth and rising demand, the projections made for bed reductions, financial savings and workforce reductions are very unlikely to be achievable. Nigel Edwards also re-analysed research from South Bank University to establish whether the assumptions being made by STPs across England are realistic. The London report generated strong media coverage and the Mayor has described the Nuffield's work as doing the "health sector a great service".

1.4 Winter pressures

Building on work undertaken last year on winter funding and on ambulance services, the Trust produced a new series of short briefings, *Winter Insights*, between January and March. We looked at bed occupancy, the NHS 111 service, ambulance diverts and Operational Pressures Escalation Levels (OPELs). Each of these illustrated a different aspect of the pressures facing the NHS and attracted strong media coverage. Our work on the NHS 111 service was cited in Parliament by NHS Chief Executive, Simon Stevens.

1.5 Understanding patient flow in hospitals

This briefing, by Sasha Karakusevic, draws on theories about congestion to look at why the aim that 95% of patients attending A&E should be admitted, discharged or transferred within four hours is being consistently missed, and what can be done about it.

It explains that greater speed through a system often requires more space and analyses how bed use and patient flow change through the course of the day, drawing on Hospital Episode Statistics which track admissions and discharges.

It suggests managers should focus in particular on the minority of long-staying patients who account for a majority of bed use. Given the variation during the day, and with an increasing number of patients leaving in a matter of hours, it urges the NHS to invest in IT and management systems that can track and deal with the need for beds and patient movement in real time.

This publication is one of the most downloaded reports of the year, no doubt reflecting the extreme pressures felt by front-line leaders accountable for meeting performance targets.

1.6 Social care for older people

Our joint report with The King's Fund on cuts in social care for older people was published in September 2016. We continued this work with our joint submission with both The King's Fund and The Health Foundation ahead of the 2016 Autumn Statement last November. In addition, in February, Fellow in Health Policy Holly Holder was asked to brief the Labour Party's backbench health committee on adult social care.

We have also briefed international visitors from China, Japan and the Netherlands on social care, integration and commissioning.

1.7 Parliamentary and general election activity

Nigel Edwards, Candace Imison and John Appleby, and policy analysts Sally Gainsbury and Mark Dayan have all given oral evidence to parliamentary committees in the Commons and Lords on NHS funding, workforce issues and social care. We held a successful roundtable event on workforce issues jointly with the Royal College of Surgeons at the Conservative Party conference in 2016. Nigel Edwards then attended a health roundtable at 10 Downing Street in October. Our reports have been cited on 24 occasions in Hansard and referenced in NAO reports and in the House of Lords report on the long-term sustainability of the NHS.

The snap general election meant that the usual pattern of manifesto development, launch, comment and challenge was condensed into a seven-week period. During the campaign period we published two election briefings – on funding of the NHS and on Brexit.

We supplemented our own work with a formal partnership with Full Fact, enabling us to reach a much larger – and generally younger – audience, through video, blogs and a Facebook Live event organised with Full Fact and the Press Association.

Impact of this work

Our analysis of the financial gap left by the parties' NHS pledges was covered by the BBC and the *Times* – via a joint letter with The King's Fund and The Health Foundation. It was formally referenced by the Royal College of Surgeons in their report about long waiting times. This led to significant additional media coverage for us.

The second briefing, on the impact of Brexit on the NHS and social care, was the lead story on BBC TV News and was reported well over 1,300 times by the print and broadcast media on the day it was published, firmly establishing the Nuffield Trust as a 'go to' organisation on the impact of Brexit.

2. Quality of care

Objectives for this programme

We aim to provide authoritative analysis of quality initiatives and to monitor and comment on a wide range of quality indicators.

Public benefit of this programme

At a time of unprecedented financial pressure, it is vital that independent, non-statutory bodies continue to provide trusted, independent evidence on how quality of care is changing over time. We do this primarily through our QualityWatch programme, now approaching the end of its first five-year programme and run in partnership with The Health Foundation.

2.1 QualityWatch

QualityWatch aims to provide an authoritative resource on the overall quality of health and social care; independently to monitor and comment on changes over time; highlight areas where improvement is possible and contribute to improving measures of quality.

Key elements of the programme include the monitoring and updating of more than 300 care quality indicators, a series of in-depth research reports, an annual statement on quality and a range of events. The quality indicators are maintained and presented alongside analysis and commentary on the QualityWatch website. For example, NHS England publishes a monthly combined performance summary and we issue updated charts to coincide with this publication, providing the public with an independent and accessible information resource on key quality indicators.

2.1.1 QualityWatch annual statement

Quality at a cost, by Elizabeth Fisher, Nora Cooke O'Dowd, Holly Dorning, Eilís Keeble and Lucia Kossarova

Published in December, QualityWatch's fourth annual statement found that while standards in some parts of the health system are being maintained, timely access to services is being forfeited. We observe that the pressure of austerity did not impact on quality measures straight away, but took a few years to be felt.

Further 'delayed decline' could occur in other aspects of care quality, given the extent of the challenges faced and ongoing austerity in health and social care spending.

2.1.2 Emergency hospital care for children and young people

Focus on: Emergency hospital care for children and young people, by Eilís Keeble and Lucia Kossarova

In April we published a report focusing on emergency hospital care for children and young people. The report analyses Hospital Episode Statistics from 2006/07 to 2015/16, giving a picture of how children and young people have used emergency care at NHS hospitals over the past 10 years, what conditions they needed care for, and what may be happening to care quality in some areas. It finds that some age groups saw significant rises in emergency admissions, and many children were hospitalised for conditions that could be treated in other settings. The report therefore also raises questions about where children and young people can access high-quality treatment outside the hospital emergency care setting.

Published via a *Guardian* exclusive, the report attracted regional newspaper coverage and articles in the *BMJ* and *GP online*. A follow-up breakfast event in June was attended by 25 policy-makers and clinicians working in the field of child health. Eilís Keeble, Sandeepa Arora and Lucia Kossarova presented this work to the Royal College of Paediatrics and Child Health.

2.1.3 Commentary on the monthly Combined Performance Summary

NHS England publishes monthly performance figures on a series of quality indicators including waiting times for elective surgery and Accident and Emergency departments' performance. These are some of the more than 300 quality indicators we track on the QualityWatch website and we now issue revised charts, and where appropriate, a news comment, on a monthly basis.

2.2 The London Quality Standards: A case study in changing clinical care

The London Quality Standards: A case study in changing clinical care, by Louella Vaughan, Sílvia Machaqueiro, Matthew Gaskins and Candace Imison (report and summary)

The London Quality Standards (LQS) were conceived as part of a long-term strategy to reduce variation and improve quality of care. The programme was distinctive in its scope of ambition, aiming to improve the care of acutely unwell patients admitted to London hospitals. The Nuffield Trust was commissioned to review the construction, impact and implications of the LQS in acute medicine. We did so using a mixed-methods approach. The final report of this one-year project was published on 15 February.

We found that, on the whole, the programme was well constructed, fuelled by strong clinical leadership, highly active professional and public engagement and the use of experience-based co-design to develop the standards. However, changes in the political landscape prevented the programme from directly intervening in hospital service redesign and delivery. No single organisation fully implemented all the standards and a link between the implementation of the standards and better patient outcomes was unable to be made.

The report presents insights about the implementation of complex intervention in the NHS, and provides critical learning for future similar initiatives. A comment piece by Sílvia Machaquiero was published by the *HSJ* on the same day. This highlighted the dangers of tying acute service reconfiguration to compliance with a set of standards.

Where the threat of reconfiguration was used in London as a stick to push compliance with the LQS, this paralysed service change, demotivated staff and detracted people's attention from the original aim of improving patient safety. This has important implications for STPs incorporating seven-day services clinical standards in plans to reconfigure local acute services.

Further impact from this work

The impact of our work on the London Quality Standards has extended to Scotland. Dr Daniel Beckett, NHS Scotland National Clinical Lead for Whole System Patient Flow has said that the Nuffield Trust's evaluation of the LQS, has led to a radical change of approach by NHS Scotland 'from one of scrutiny to one of collaboration and improvement' in their rollout of the Scottish equivalent of the LQS for acute medicine.

Prior year work – further impact

QualityWatch outputs are frequently referenced in major national reviews and guidance such as the Carter Review on the scope for NHS cost savings and NICE guidance on transition between acute and community settings.

3. The NHS workforce

The two biggest problems facing the NHS in its struggle to meet rising demand and technological change are funding pressures and the state of workforce recruitment, retention and morale.

Last year, we set ourselves the aim of establishing the Nuffield Trust as a thought leader in the area of workforce development, providing evidence to help service leaders, national bodies and policy-makers plan more strategically and implement change more effectively.

We have continued to address this issue throughout the year, building on our previous work on reshaping the workforce and researching a critical area of hospital medicine – the deployment of acute physicians in smaller hospitals.

Objectives for this programme

We believe that the workforce challenges facing health and social care are as serious as its funding problems. By researching and advocating new approaches to workforce planning and deployment, we aim to provide policy-makers with high-quality evidence and analysis to inform workable solutions that will assure the supply of skilled and motivated staff into the future.

Public benefit of this programme

The sustainability of our health and social care services depend on a stable supply of sufficient permanent and skilled staff as well as the development of new and enhanced skills within the health and social care workforce. Our work identifies the specific challenges and solutions that must be addressed by government, parliamentarians and those with workforce responsibilities.

3.1 Models of generalist and specialist care in smaller acute hospitals: exploratory study - *30-month NIHR-funded project which started on 1 April 2016*

This study is exploring models of medical generalism in smaller acute hospitals throughout England, focusing on processes and models of care and their alignment with patient case mix; their impact on staff, patients, costs; and patient and staff preferences. The project was launched formally at the end of September 2016. Despite the complexity and variety of models for managing patients with acute medical needs in hospital, we have been able to identify some key differentiators between hospital approaches.

We held a successful workshop with senior clinical stakeholders to unpack the key drivers behind the models of care and their impact on patients. Early findings were presented in December to the New Cavendish Group, 25 members of which contributed to the study.

Following a successful workshop with clinicians, we have begun the analysis of differences in case mix between hospitals. The aim is to test the interaction between the types of cases treated in a hospital and the organisation of acute generalist medical services. The project runs until December 2018. Dr Louella Vaughan gave a keynote address on medical generalism to the Society for Acute Medicine International conference and the Mediterranean Emergency Medicine Congress in September.

3.2 Acute medical models

One important test of the quality, relevance and impact of our work is whether a project generates commissions for further or related research and analysis. This project has already done so. We have been commissioned by NHS England to develop models for acute medicine that will offer a viable future to smaller and remote general hospitals. This is due to report by the end of the year and is alsolikely to have wider implications for larger hospitals. We intend to extend our work to look at some areas of the country in more detail during 2018.

3.3 Researching the relationship between managers and doctors

Managing doctors, doctors managing, by Alison Powell and Huw Davies, 2016

In December we were able to publish the results of a study undertaken by Alison Powell and Professor Huw Davies of the University of St Andrews which explored how perceptions of the relationship between clinicians and managers had changed between 2002 and 2015. The survey found that clinicians and, notably, clinical directors were much less positive about the health of doctor-manager relationships than their manager colleagues, and that even though relationships had generally improved over time, a downturn was feared due to the pressures in the NHS. The report was augmented by blogs arguing for serious effort to provide the stable environment needed for developing long-term, constructive and more collegiate relationships.

Prior year work – further impacts

Reshaping the workforce to deliver the care patients need

A major element of our workforce programme last year was our report on how the NHS should go about adapting the skill mix within the workforce and developing new roles that will meet the changing and complex needs of today's patients.

Reshaping the workforce to deliver the care patients need was published in May 2016 and has continued to resonate and reach new audiences this year. On the back of the report, Candace Imison was asked to give oral and written evidence to the House of Lords Committee on sustainability and to lead a workforce seminar for them in January. Candace presented to House of Commons Medical and Nursing Staffing Panel in December, to the Welsh NHS Confederation, NHS England, the Royal Society Annual Symposium, and to a Macmillan breakfast roundtable.

Nigel Edwards took part in a roundtable on junior doctors' morale in February and Candace Imison spoke at a workforce roundtable for vanguards in April. We have also maintained momentum on this work through 20 topical blogs on a variety of workforce issues. As a result, Nigel and Candace are now regularly approached by national media for comment on workforce matters.

Delivering the benefits of digital health care

Candace Imison spoke on the benefits of digital health care to the annual conference of the Housing Learning and Improvement Network. Sophie Castle-Clarke presented on this work at a workshop at an RCGP City Health conference in March, at the Health Care and Innovation Expo and at the Public Services 2030 Tech UK conference in September.

4. New models of health care delivery

We now have a substantial body of work on new models of care delivery, with eight projects completed or nearing completion this year.

Objectives for this programme

Our objectives for the programme derive from our expertise in evaluating the impact of new models of acute care in both large and small settings, primary and community care and some aspects of social care. We aim to offer the service timely evidence on the opportunities and challenges presented by new models; to support practitioners embarking on service reform and to disseminate emerging insights to policy-makers, parliamentarians and service leaders.

Public benefit of the programme

There is a compelling imperative to devise new models of care delivery that will deliver enhanced care, reduce cost and contain demand for costly inpatient services. The considerable taxpayer investment in - and hopes for - these new models demands that their effectiveness be systematically evaluated. Our work aims to serve the public interest by illuminating which innovative models are most likely to secure access to timely, innovative and cost-effective approaches to health and social care delivery. Our work on the potential of digital technology to improve the quality and cost-effectiveness of patient care picks up and responds to concern about the gap between the digital experience the public enjoys as consumers and the experience of patients in the NHS.

4.1 Shifting the balance of care

Shifting the balance of care: Great expectations, by Candace Imison, Natasha Curry, Holly Holder, Sophie Castle-Clarke, Danielle Nimmons, John Appleby, Ruth Thorlby and Silvia Lombardo

This report forms part of our work programme on new models of care, and also contributes to our work on Sustainability and Transformation Plans (STPs).

The report drew together evidence for initiatives aimed at reducing hospital activity in order to ensure that STPs make realistic assumptions about the likely impact of plans to shift care out of hospital.

The report examined trends in hospital activity and identified steady growth in all areas of hospital activity – including a doubling of elective care over the last 30 years.

Our review of STPs revealed widely differing assumptions about the impact that initiatives are likely to have on hospital activity, with many making very optimistic assumptions. We also reviewed a large body of academic and grey literature, with a particular focus on robust evidence from randomised control trials (RCTs), systematic reviews and Cochrane reviews.

Generally, the quality of available evidence was mixed and often reliant on small or poorly constructed evaluations. Our overall finding was that many schemes designed to deliver health care closer to home often demonstrate clear benefits for patients in terms of outcomes and experience but rarely prove to be cost effective.

We published the report at the beginning of March 2017, to coincide with our Health Policy Summit where its findings were presented and discussed. It was well received on social media and in the specialist press. The report went on to be one of the most widely read and downloaded publications of the year. Addressing 400 clinicians at the Society for Acute Medicine conference, Dr Philip Dyer said that the Trust's work should be used to shape acute services across the UK. We also presented this work to a health economics conference in Alberta via Skype.

Further impact of this work

In July, Candace Imison presented the findings of *Shifting the balance of care* to the entire senior health team in the Scottish Government, including their medical director and director of strategy and transformation. Natasha Curry also presented this work to the NHS England PACS Community of Practice meeting in July, while Helen Buckingham spoke at a North of England Social Partnership meeting organised by NHS Employers in September. It was referenced in a House of Commons Library briefing on STPs published on 29 September. The report led to a new commission for health care planners in New Zealand reported under section 7.

4.2 The digital patient: transforming patient care?

We published our report on the impact of patient-held digital technology in primary care on 16 November. The NHS has frequently been portrayed as one of the most backward industries in responding to digital technology, and policy-makers are concerned to limit the growing gap between the digital experience we have as consumers and the experience we have as patients in the NHS. This report, which is partly based on research commissioned by NHS England, pulls together the evidence that exists about this rapidly evolving sector. It looks at digital services offered by the NHS (such as online appointment booking and access to records) as well as other technologies such as monitoring devices and apps. The report shows how

professionals and policy-makers can make the most of the opportunities afforded by patient technology while avoiding the risks. It is especially relevant to those working in general practice and community settings, since that is where much of the patient-facing technology has been deployed to date.

The report was exclusively covered by Channel 4 with supporting articles in the *Health Service Journal* and *Health Business*. The report reviews the evidence that exists on digital technology and its impact on patients in primary care and the NHS.

We concluded that while patient-facing technology can improve care for patients and reduce strain on the stretched health service – particularly for people with long-term conditions such as diabetes or chronic obstructive pulmonary disease (COPD), this rapidly evolving market comes with risks. Many apps, tools and devices have not been officially evaluated, meaning that their effectiveness is unknown. In some cases, technology can increase demand for services, disengage staff and have the potential to disrupt the way that patients access care. We warn that policy-makers and politicians should avoid assuming that self-care-enabling technology will produce significant savings, at least in the short term. The report also presents a series of lessons and recommendations to NHS professionals, leaders and policy-makers about how best to harness the potential of technology and avoid the pitfalls.

4.2.1 Multiple Sclerosis Society

As a direct impact of our work on the digital patient, Sophie Castle-Clarke and Natasha Curry won a contract from the Multiple Sclerosis Society to report on the potential of technology and data to improve the lives of patients with MS. This work concludes in late November.

4.2.2 Teletracking

We published an extended blog reporting on tracking technology based on the experience of one of our fellows, Sophie Castle-Clarke who saw it at first hand in two American health care organisations. The blog stimulated national and international interest and an invitation to Wolverhampton to see their experience at first hand.

4.3 National Association of Primary Care

The primary care home evaluation for the National Association of Primary Care (NAPC) was published on 24 August. The Primary Care Home (PCH) model is a way of organising care for groups of between 30,000 and 50,000 patients which seeks to link staff from general practice, community-based services, hospitals, mental health services, social care and voluntary organisations to deliver joined-up care. The model was piloted in 15 rapid test sites, each of

which qualified for £40,000 of start-up funding from NHS England. Since then another 170 sites have signed up.

Rebecca Rosen, Stephanie Kumpunen, Chris Sherlaw-Johnson and Lucia Kossarova delivered a workshop on practical approaches to evaluating the PCH model to the National Association of Primary Care in May.

Our evaluation found that this model shows some promising signs of success, but will take time, money and strong working relationships across the NHS and social care to be effective. Participating in the PCH programme had strengthened inter-professional working between GPs and other health professionals and stimulated new services and ways of working tailored to the needs of different patient groups – for example through targeting frail patients at risk of hospital admission.

We warned that the complex external context in which PCHs are emerging – particularly with the development of Sustainability and Transformation Partnerships – could help or hinder their development. We also said that good quality data – and the ability to use it – are essential for future evaluations of these models.

We worked closely with the NAPC communications staff to shape press releases, blogs and comment articles, and the report was reported in an exclusive article for the *HSJ* and followed up in trade press, including *GP Online* and the *National Health Executive*. A number of meeting invitations have come through from NHS England to share our learning with vanguards and the new primary care networks.

4.4 Barking and Dagenham, Havering and Redbridge – evaluation of out-of-hours GP service provision

The Nuffield Trust was commissioned by the Barking and Dagenham, Havering and Redbridge (BHR) Clinical Commissioning Groups (CCGs) to evaluate their local initiative to improve public access to primary care by providing additional capacity outside of core hours.

This initiative was part-funded by the Prime Minister's Challenge Fund, with extra funding from the CCGs. We have adopted a mixed-methods approach combining analysis of local patient data with information from interviews and surveys of patients and staff. The evaluation seeks to determine whether the availability of primary care services has increased across the three boroughs and whether patient access has improved. It looks at the impact of extended primary care provision on other health care services in the area and examines

whether the provision of the new services has improved patient outcomes, including patient experience. It also looks at the impact of the new primary care services on cost.

The final report for our evaluation of extended hours primary care access hubs in outer North East London has been sent to the clients at Barking and Dagenham, Havering and Redbridge CCGs. Our findings were presented to the Health Services Research Network Symposium in July by Sandeepa Arora and a public report is planned for early in the 2017-18 financial year.

4.5 Barking and Dagenham, Havering and Redbridge – evaluation of the complex care hub, Health 1000

The GP Federations of Barking and Dagenham, Redbridge, and Havering (BHR) are implementing a new integrated service for older people with multiple care needs.

The aim is to provide more coordinated care: bringing together what are currently provided by a mix of primary, secondary and social care services and, where possible, bringing care to the individual rather than the other way round. The intended result is better quality care with reduced pressure on existing services.

The Nuffield Trust is evaluating this service by assessing who is using the new service; the experiences and views of individuals and staff delivering the new service; and the impact on the use of health care resources (primary and secondary), health outcomes and cost. Our final qualitative findings have been presented to the BHR programme board. A final report combining both qualitative and quantitative arms of the evaluation is due to be with the clients in early October, with public reporting to follow next year.

As an extension to the original programme of work, BHR has commissioned us to undertake a small mixed-methods evaluation of their care homes initiative which has sought to introduce the Health 1000 GP service to four care homes in the area.

4.6 Integrated care pioneers

Eilís Keeble and Martin Bardsley are continuing to work with colleagues at the London School of Hygiene and Tropical Medicine (LSHTM) on the long-term evaluation of the Integrated Care Pioneers – areas which sought to integrate health and social care services in a variety of ways. The Nuffield Trust's contribution is a high-level assessment of whether Pioneer areas are showing any differential change across whole populations using a series of readily available indicators.

This work is helping to develop understanding of the ambitions of these sites and the scale of detectable change. The work feeds into more detailed qualitative work conducted by LSHTM and workshops with Pioneer sites led by Health Services Management Centre (HSMC) Birmingham.

Prior year work – further impacts

Emergency general surgery

In August 2017, the Getting it Right First Time (GIRFT) programme led by Professor Tim Briggs, published a report on general surgery. Its findings on variations in outcome aligned strongly with the evidence we had published in April 2016 in a report for the Royal College of Surgeons of England. Our report had explored the challenges facing emergency general surgery and identified opportunities to overcome them. The GIRFT report renewed interest in our work on social media and provided a platform for new commentary from Candace Imison which was reported in the *BMJ*.

The future of child health services

Lucia Kossarova spoke on our report on the future of child health services, first published in February 2016 to the National Children's Bureau, the Council for Disabled Children and a Partners in Paediatrics conference.

Large-scale general practice: is bigger better?

Rebecca Rosen and Stephanie Kumpunen have continued to present key messages from *Is bigger better?* to primary care leaders, front-line staff and policy-makers. Presentations have included workshops and webinars for the RCGP, Nuffield Trust GP At Scale learning network and also national and regional conferences.

In addition, part of the *Is bigger better?* literature review undertaken by Dr Luisa Pettigrew has been accepted for publication by the *British Journal of General Practice*. The paper summarised evidence about the impact of larger-scale organisations on quality of care, staff and other factors.

5. Older people and complex care

The needs of older people with multiple health problems are recognised as being a sentinel marker of the quality of care, as well as a major driver of cost and demand. The research projects in this work stream are also of relevance to our work on NHS and social care reform, our work on quality as well as our analysis of new models of care. They are grouped together here as a discrete area of work because our experience in research and analysis is especially relevant to the area of complex care and multi-morbidity.

Objectives for this programme

Any explanation of the pressures facing health and social care starts by acknowledging the additional demands that result from having an ageing population with complex needs. This programme provides authoritative analysis of the factors that underpin good care and the effectiveness of interventions designed to keep people well, avoid hospital admission or support their recovery. Each project within the programme has a common set of requirements which include the selection of a rigorous and appropriate methodology; the delivery of a timely report with clear findings or learning points that the commissioning can use to adapt and develop its service or reflect in future work; wider learning points for the service; and a targeted dissemination strategy. Each project has a bespoke communications plan designed to ensure that its findings reach its primary and wider audiences. Several projects came to fruition towards the end of the financial year. We intend to capture their impacts over the coming year and expect the research findings to make a substantial contribution to increasing understanding of how to organise and deliver care more effectively for this key population group.

Public benefit of this programme

Older people and their families are the largest users of, and depend most on, our health and social care services. Understanding the drivers of good-quality care is essential for designing and delivering effective services. A key element of our work in the last two years has been to evaluate a series of initiatives which use volunteer services to augment the care and support offered to older people, often with the aim of reducing hospital admission or re-admission.

5.1. Harnessing social action to support older people

Harnessing social action to support older people Theo Georghiou, Cono Ariti, Miranda Davies, Sandeepa Arora, Tazeem Bhatia, Martin Bardsley and Ruth Thorlby (2016)

In October we published the report on our evaluation of seven social action projects funded by the Cabinet Office, NHS England, NHS Improvement and the Association of Directors of Social Services. These projects were part of the "Reducing Winter Pressures Fund" which aimed to scale up and test projects using volunteers to support older people to manage their health conditions or to recover after illness. The hope was that these projects would reduce pressure on hospitals.

We used a mixed-methods approach to evaluate the projects, with 63 semi-structured interviews with staff, volunteers and local stakeholders, in addition to an analysis of changes in hospital activity for the recipients of services, using a matched control group drawn from English hospital data.

The evaluation resulted in a mixed set of findings. From our interviews, there was evidence of services that had made an impact by providing practical help, reassurance and connection with other services that could reduce isolation and enable independence. Those involved with the projects felt that volunteers and project staff could offer more time to users than pressurised statutory sector staff, which enabled a fuller understanding of a person's needs while also freeing up staff time.

But the analysis of hospital activity data in the months that followed people's referral into the projects did not suggest that these schemes impacted on the use of NHS services in the way that was assumed, with no evidence of a reduction in emergency hospital admissions, or in costs of hospital care following referral to the social action projects. The one exception was the project based in an A&E department, which revealed a smaller number of admissions in the short term.

This evaluation has generated lessons about how voluntary sector projects can gear up to work effectively with some of the most pressured parts of the NHS. It provides valuable lessons in turn for NHS staff and commissioners to get the best out of social action projects of this kind, to understand what the benefits may be for patients and carers and provides a reality check on hopes that these projects will save money.

5.2. Peer support for stroke survivors – further impact

At the end of the preceding financial year, we published an evaluation of peer support groups for stroke survivors, which similarly concluded that volunteer services were highly valued by stroke survivors and their carers but did not have the hoped-for impact on hospital admission or readmission. This work continued to attract interest in the succeeding year, with Dr Miranda Davies presenting its findings at the British Psychological Society Annual Conference in May.

We have also reached some important milestones in other evaluations this year.

5.3 Age UK Integrated Care and RVS Home from Hospital programmes

Age UK has an integrated care programme which aims to reduce unplanned hospital admissions among older people referred to it. After many months of delay waiting for HES data permissions, the results of our analysis are set to be presented to Age UK in October, with final publication following in summer 2018. This later publication date will allow for a longer follow-up of the hospital utilisation of the service users. This work is led by Theo Georghiou who is also conducting a matched control analysis of a scheme run by Royal Voluntary Service in Leicester to help vulnerable older people who are being discharged home after a hospital admission.

5.4 Hospital-wide Comprehensive Geriatric Assessment

This major project, led by the University of Newcastle upon Tyne and funded by NIHR, is nearing completion. The Nuffield Trust is contributing analytical work in three principal areas.

Firstly, we aim to determine whether hospital administrative datasets can identify patients who could benefit from a comprehensive geriatric assessment in hospital settings, and specifically those who are frail. We also want to quantify the long-term impacts and costs of frailty both for individuals and the health service and to identify the components and costs of providing the Complex Geriatric Assessment (CGA) in acute hospital settings.

Several different approaches are being used to identify older people, and specifically frail older people, who could benefit from CGA. There was a delay of almost a year in receiving the necessary linked HES-clinical datasets from NHS Digital. However, in the meantime descriptive population segmentation approaches have been used to characterise patterns of hospital use, clustering methods to identify groups with characteristics of frailty (both hospital use and diagnoses), and modelling approaches to create a HES frailty score.

Two papers have been written describing clustering methods to identify frail older patients; and how to create and validate a HES frailty risk score.

A toolkit has been created to describe characteristics of older populations, including prevalence of frailty and characteristics of frail older people, in local authorities and acute hospital trusts in England. We have met with NHS England to discuss options for use, hosting and dissemination of this toolkit. The remainder of the project falls into the financial year 2017-2018 and will include analysis of the impact of frailty on survival and on hospital use and a tool to quantify the resources needed to implement comprehensive geriatric assessment.

5.5 Using routine data to investigate good quality care for older people

Using data to identify good-quality care for older people, Chris Sherlaw-Johnson, Alisha Davies, Clare Currie, Tazeem Bhatia, Elizabeth Fisher and Martin Bardsley (2016)

It is a perennial challenge to find data that demonstrates conclusively that an activity is working to improve care. This report approaches the dilemma from the other direction by starting with the data and asking whether certain patterns visible in routine data are good at identifying activity that improves quality of care.

This report describes the results of some pilot analysis to ascertain the usefulness of using this approach, using a few indicators that were mainly derived from acute emergency hospital use. The aims were to test out ways of using data to identify potential success; to understand the challenges of attributing data findings to real-world activity; to judge the feasibility of extending into wider work; and to inform what this wider work should look like.

This study shows that there is scope for using more sophisticated analytical methods for identifying improvements in care quality, and that they have advantages in improving specificity and as continuous monitoring tools. This may be particularly true at the local level, or even at a lower level, such as individual GP practices. While we applied these techniques retrospectively, there are likely to be advantages in using these methods for prospective monitoring and evaluation. Importantly, this may provide a way to identify activity that might otherwise be overlooked.

5.6 Understanding hip fracture

Dr Jenny Neuberger's NIHR study was completed in July. She has written blogs for the Nuffield Trust website on her work and presented to a Royal College of Physicians conference on falls and frailty in May. Further published work will follow.

Other essential work

6. Events, networks and debates

Our “convening” work remains an important part of our strategy. We bring people together to share their experience, hear from experts and find solutions to shared challenges. During 2016-17, we staged nine national events, including our annual Health Policy Summit.

6.1 Health Policy Summit

We held our ninth Health Policy Summit in early March and feedback gathered from delegates, speakers, and sponsors suggests that it was highly successful. Our key theme for this year was managing and implementing change and getting things done, focusing on key issues such as finance, workforce, STPs, technology and quality improvement.

Professor Sir Harry Burns opened the Summit with a thought-provoking talk on building a better public health landscape in Scotland and how addressing and improving “wellness” can lead to significant reductions in demand for public services. Professor Mary Dixon-Woods opened the second day of the Summit with a keynote focused on why quality improvement is so challenging and how we can do it better. Simon Stevens used the Summit as an opportunity to announce a new test to ensure that bed closures arising from service reconfigurations will only be supported if there are alternative services and the staff in place to run them. This resulted in very good media coverage.

Our Patron, HRH The Princess Royal, gave an address on the Friday morning.

6.2 Monitoring quality of care – making the most of data

On 1 November we held a significant national conference for the research community, analysts, clinicians, managers and commissioners. It looked at how to optimise the use of data in local clinical governance and national regulatory systems to monitor care quality. The conference was sponsored by the Health Foundation and attracted more than 70 participants from universities, royal colleges, teaching hospital trusts and the audit community.

Our evaluation of novel methodologies for determining good quality in the care of frail elderly people was published to coincide with this conference.

We support a number of networks which cut across all five of our work programmes.

6.3 Acute care collaboration vanguards

Acute care collaboration vanguards are organisations in England which are working together to deliver acute services. Groups of providers are linked together with varying levels of formality and structure. The King's Fund and Nuffield Trust have a joint contract from NHS England to support their development, working with 13 hospital groups. The groups look at international learning and share experience on issues relating to governance, service design, quality improvement and other areas where they expect to achieve benefits through working in networks, chains or groups. After a successful first year, the contract has been extended into 2017-2018.

6.4 New Cavendish Group

The New Cavendish Group brings together chief executives of smaller hospitals to share the challenges they have in common. The group met three times this year under Chatham House rules and looked at developments in STPs, recruitment and workforce issues, clinical improvement and system efficiency, developments in digital technology for patients and emerging insights from the medical generalism project. The strong repeat attendance is testimony to the value participants derive from these networking meetings, and in turn New Cavendish Group members have contributed to research programmes running within the Trust.

6.5 Virtual learning network for GP federations

We offer a virtual support network to emerging GP Federations, involving webinars, toolkits and other online resources. This work has been running for two years, funded by NHS England. On 1 December we held a joint event with the RCGP and NHS England at which 170 delegates heard advice on at-scale working from speakers including from Prime Minister's GP Access sites, Vanguards, and Primary Care Homes.

Outputs this year include online toolkits and summaries of our large-scale general practice report, and Nuffield-developed national surveys for CCGs and GPs.

April saw a webinar on multi-speciality community provider (MCP) procurement followed by a regional event on 15 May in Birmingham at which we launched a 'top tips' leaflet for leaders of large-scale general practice organisations. This was based on our *Is bigger better?* findings and literature review.

6.6 Remote and rural settings

In October, we held a second workshop on the challenges of organising care in remote and rural settings in England. This work is highly relevant to some of the New Cavendish Group's members and to the National Institute for Health Research (NIHR) project on medical generalism, with the Nuffield Trust increasingly being seen as a thought leader in this area.

6.7 Joint workshop for STP leaders with Healthcare Financial Management Association

In January we held the second in our series of workshops for STP leaders. This was again held jointly with the Healthcare Financial Management Association (HFMA) at their headquarters in Victoria. We convened the leaders from 10 STP areas to look at how they were developing and assess potential risks and pitfalls ahead, supplemented by policy-makers, system leaders and senior staff (25 in total).

We used the event as an opportunity to run a 'pre-mortem' exercise to offer an insight into how STPs might fail in their objectives and the pitfalls to be avoided. This was written up into a short report and circulated to all STPs and to NHS England as a planning resource.

6.8 Brexit breakfast seminars

We held breakfast seminars in January and July to explore the implication for health and social care of the UK's decision to leave the European Union. The seminars bring together around 25 leaders from the health and social care system including commissioners and providers, academia and government. The first two seminars explored workforce issues, and medicines regulation. A third seminar is scheduled for October, and all three have been developed jointly with support from MSD. Insights gained and shared at the seminars inform the development of our Brexit briefing papers and evidence gathering.

6.9 Adoption of innovation

Nigel Edwards was the keynote speaker at the Association of the British Healthcare Industries (ABHI) annual conference in November. ABHI has commissioned us to explore how the NHS adopts innovations. The barriers to innovation adoption in the NHS have been well documented. The Accelerated Access Review set out a number of recommendations to improve innovation adoption at a local level – many of which require academic health science networks (AHSNs) to work differently. At the end of June we held a seminar with representatives from the academic science networks and from industry to explore the feasibility of its recommendations. A short report will be published soon.

6.10 CCG accountable officers

In addition to our work on STPs, we have continued to support the leaders of clinical commissioning groups (CCGs) through a learning network for the chief officers of CCGs and another, commissioned by NHS England, for those working on new models of care.

6.11 “Daring to Ask” workforce debate

On 17 November we held the third in a series of topical debates, this time on the subject of the nursing workforce. Organised jointly with the NHS Confederation and NHS Employers, and held in Leeds, this event asked whether it is possible to solve the nursing workforce crisis. Panellists included Danny Mortimer of NHS Employers and Lara Carmona of the Royal College of Nursing.

6.12 Support to NHS boards and leadership groups

Nigel Edwards has given keynote addresses and support to a number of NHS boards and leadership groups during the year; notably to the Greater Manchester GM Challenge workshop, to NHS boards in Cheshire, Worcestershire, Hertfordshire and North Yorkshire, to the Royal Marsden and the ambulance service. He spoke at an NHS Providers event for directors of operations and chief operating officers, and to a number of academic science networks. In November we held an event on governance for NHS Boards.

7. UK and international work

The Nuffield Trust's UK and international work also spans several work programmes, including NHS and social care reform, quality and population health.

Our past UK work includes a comparison of the performance of the four UK nations, published in 2014, and an analysis of the challenges facing the Welsh NHS (2014). These continue to be cited regularly in media across the UK. We also have a long-standing interest in, and contribution to, health care reform discussions in Northern Ireland.

Nigel Edwards has been commissioned by the National Assembly for Wales to take part in a panel review of the Welsh NHS and the prospects for change and reform. The panel is chaired by former Wales CMO Ruth Hussey and is set to report in 2018. John Appleby was widely cited in Northern Ireland's media responding to the Bengoa report on the need for health service reform. An event in Northern Ireland is planned for early 2018.

7.1 Learning from Scotland's NHS

In May 2016, we held a seminar in Edinburgh called Learning from Scotland's NHS. To follow up this report and extend its impact, we supplemented the contributions made by seminar participants with a series of 22 structured interviews with clinicians, service leaders and civil servants and produced a report published in July 2017 after the general election.

The report found that the rest of the UK could learn a great deal from Scotland's approach to quality improvement which has been consistent over time, engages effectively with clinicians and uses a well-tried model for testing and implementing change. In contrast, we argued that Scotland's one-year financial planning horizon does not serve its health service well and its financial challenges are as substantial as the other three countries of the UK. The report was actively promoted on social media by Scotland's First Minister, Nicola Sturgeon, which led to a major spike in web activity – the highest ever in a single day. It is our most widely downloaded publication of the year and generated huge national and regional coverage in Scotland.

7.2 Report for New Zealand health care planners

Shifting the balance of care led to an important new commission for the Nuffield Trust. Working with Professor Richard Bohmer (Senior Associate), and with input from Nigel Edwards and John Appleby, Candace Imison and her team provided expertise and analysis to support the long-term investment plan for the Auckland region of New Zealand. It draws extensively on the evidence collated for *Shifting the balance of care*, as well as our work on digital, workforce and the future configuration of hospital services.

7.3 WHO study on out-of-pocket payments for health care

Nora Cooke O'Dowd, Stephanie Kumpunen and Holly Holder undertook the UK analysis for a World Health Organization-commissioned 26-country comparison of how well individuals are financially protected from out-of-pocket health care payments. A stand-alone national report highlighting the financially protective nature of the NHS is due to be released on Universal Health Care Day (12 December) alongside a selection of other country reports.

7.4 Social care in Japan – follow-up study

The Nuffield Trust's emerging reputation as an organisation undertaking social care research helped us to secure funding for a second visit to Japan to look at their system of long-term care for older people. The visit took place in early November 2017.

8. Impact of our work this year

As an independent charity, we remain focused at all times on the public benefit of our work. Our ambition is to produce and disseminate evidence that will

- influence the thinking of parliamentarians, policy-makers, partners and practitioners, helping them better understand the impact of their decisions, plans and actions
- change policy and practice for the better
- enhance public understanding of the structure and state of the NHS and social care.

Influencing thinking

In each section of this report we have identified how our work has been taken up and influenced the thinking of those connected with health and social care. Many of our reports have been cited in Parliament, both in debates and publications. For example, *Shifting the balance of care*; and our joint analysis with The King's Fund of London STP proposals have been widely cited in parliamentary reports, have influenced thinking within national bodies and have been widely picked up at local level. These and other reports have also been presented at national conferences of professionals and managers, helping them to develop better policy and better programmes. For example, our QualityWatch report *Focus on: Emergency hospital care for children and young people* was presented to the Royal College of Paediatrics and Child Health. Reports published last year have also continued to gain traction this year – for example our report on *Reshaping the workforce to deliver the care patients need*.

Changing policy and practice

It is not straightforward to demonstrate that a particular piece of evidence has changed policy or practice. In major areas of public policy, there are likely to be multiple players whose combined influence may lead to policy change. The decision of the Migration Advisory Committee to place nurses on the shortage occupation list was a step recommended by the Nuffield Trust, NHS Employers and the Royal College of Nursing.

However, from time to time, there are developments where the Trust can reasonably claim to have been uniquely influential. Extended contracts from NHS England to support the acute care collaborative (with The King's Fund) and the learning network for GP Federations have enabled us to guide front-line managers and professionals to change and develop their practices and organisations. Evaluations of specific projects on new ways of working and delivering services have shown those involved what should, and equally importantly what

should not, be continued, changed, or funded more widely. Further afield, our reports on *London Quality Standards* and on *Shifting the balance of care* have led policy-makers in Scotland and New Zealand to adapt their planned approach.

Enhancing public understanding

There is a clear public benefit in our work to enhance understanding of the structure and working of the NHS and social care systems funded by the taxpayer. Our report with The King's Fund on social care clearly laid out the funding pressures and the reduced access to services that are a consequence of reductions in local authority funding. Our reports on the financial state of the NHS, the investment being made compared with other countries and the impact of Brexit on the NHS have all received widespread attention in the media. The media profile we achieve for our reports brings our work to the wider public audience.

The quality and impact of our research and analytical work in the current and prior years is widely recognised. One measure of this is further commissions. Our NIHR-funded work on medical generalism led to a commission from NHS England on acute medical models. *Shifting the balance of care* led to work for the Auckland province in New Zealand and our work on the digital patient secured us a contract from the Multiple Sclerosis Society. The London authorities of Barking, Havering and Redbridge have commissioned further analytical work from us, as have Age UK.

8.1 The Nuffield year in numbers

Communicating our work effectively is critical to achieving impact. This year we produced 27 published reports. In all cases, we wrote or commissioned complementary blogs, charts and infographics to accompany the publication as well as promoting our work to stakeholders, external and social media.

We published 71 blogs this year and introduced a new format, the long read, for topics that are too complex to cover in 800 words. These have proved very popular. Nigel Edwards's analysis of the number of beds the service is likely to require in the future was very widely read in this category.

Nuffield Trust staff spoke at more than 90 external conferences, seminars and workshops to disseminate our analysis and evidence. These included the Royal Society, the Royal College of Physicians, Royal College of Paediatrics and Child Health; NHS England, NHS Employers and the Welsh NHS Confederation; the Society of Acute Medicine, and The King's Fund.

We held nine externally facing events, including our flagship Health Policy Summit, as well as a series of seminars and workshops to inform our research and network events for the New Cavendish Group and others. Our events programme was rated 'good' or 'excellent' by 90% of participants.

Our website is our principal means of reaching our audiences. We redeveloped the website this year, replacing an obsolete platform, reorganising our content and refreshing our brand identity.

Our website had more than half a million visitors, averaging 1,300 per day across 700,000 sessions. Our most popular publications, in terms of PDF downloads, were *Learning from Scotland's NHS*, followed by *Shifting the balance of care*, *The bottom line* and *Understanding patient flow*.

We now have 39,000 followers on Twitter and find the channel a highly effective means of reaching both new audiences and those who are already engaged with your work. Our weekly newsletter, *New, Now Next*, has demonstrated its worth as a convenient, accessible route to our content. We have 17,000 subscribers – an increase of nearly 10,000 over the year.

We gave evidence to parliamentary committees at four evidence sessions and our work was cited 24 times in parliamentary debates at Westminster. Our report on *Shifting the balance of care* was quoted by a public health doctor giving evidence to the Scottish Parliament, and our 2015 briefing on health care in Wales was cited in an Assembly debate in March.

The Nuffield Trust's media profile is strong. Our work was covered with 4,352 mentions in print media or online. This included 335 items of national newspaper coverage.

Our broadcast profile continued to grow, with 433 clips or interviews on national TV and radio, within a total broadcast profile of more than 3,500 mentions. John Appleby was the principal interviewee for a Radio 4 "Briefing Room" documentary on NHS funding and was also interviewed for the "More or Less" programme. Our work on the digital patient was the subject of an extended feature on Channel 4 News. Nigel Edwards, John Appleby, Candace Imison, Mark Dayan and Sally Gainsbury are all in regular demand for national and regional broadcast interviews and are cited in, or write for, the *BMJ* and *HSJ* on a regular basis.

Financial review

Review of income and expenditure for the year ended 30 September 2017

The financial statements for the year to 30 September 2017 have been presented as consolidated accounts for the two entities: The Nuffield Trust for Research and Policy Studies in Health Services and Nuffield Trading Limited.

The Nuffield Trust benefits from an endowment which is primarily held in an investment portfolio. On a long-term basis, and in line with our financial strategy and reserves policy, we aim to maintain the value of these investments (adjusted for inflation). Given the above, in some years our annual report will show a significant surplus, while in others it will show a significant deficit. This year, as was the case last year, equity markets have performed well, so we are showing a surplus.

Total income for the year amounted to £4,034,000 (2016 - £2,922,000), of which £1,617,000 (2016 - £1,001,000) was generated from charitable activities and £2,417,000 (2016 - £1,921,000) was derived from other sources, namely investments, donations and other trading activities.

Income from charitable activities increased by £616,000 between 2016 and 2017 due to an increase in funded research projects undertaken on behalf of NHS bodies, royal colleges and others. Work on these projects may span more than one year and income and expenditure are recognised taking into account the proportion of work completed at the year-end.

Income from other sources increased by £496,000 between 2016 and 2017 due to a £461,000 increase in the income earned on the endowment fund and an increase of £40,000 in donations.

Total expenditure for the Trust for the year was £4,129,000 (2016 - £4,145,000), of which £3,847,000 (2016 - £3,610,000) related to charitable activities, which includes the costs of completing project work. Support costs in note 9 include costs of employing staff and providing the infrastructure to enable the work of the Trust to be completed. Direct spend on projects includes commissioning expertise; disseminating our work, including making it available through open access; and ensuring that our work is subject to appropriate peer review.

Expenditure on charitable activities increased by £237,000 between 2016 and 2017 due to increases in staff emoluments, plus the notional cost of seconded staff. These increases were due to planned recruitment of vacant positions. Expenditure remains within the boundaries of the approved budget.

Expenditure on other activities fell by £253,000 between 2016 and 2017 due to: a reduction in investment management costs of £103,000 as a result of the movement of our investment portfolio from Ruffer to Sarasin; and due a credit to the income and expenditure account related to the reduction of the S75 liability related to the USS pension fund (see note 25).

Net gains on investments for the year were £5,711,000 (2016 - £7,270,000). Further details on investment performance are below. The net surplus for the year was £5,616,000 (2016 - £6,047,000).

Net assets at 30 September 2017

The Trust's consolidated net assets at 30 September 2017 were £85,709,000. This represents an increase of £5,616,000 (7.0%) compared with the net assets at 30 September 2016. The increase is due to the Trust's net income for the year.

Investment performance

The overall return on the total investment portfolio was £8,048,000 for 2016-17 (2015-16 - £9,146,000). The portfolio of investments and cash on term deposit had a total value at 30 September 2017 of £80,829,000 (2016 - £76,593,000).

Long-term analysis of available data (March 1994 to September 2017) shows that the total value of the investment portfolio, after taking into account withdrawals to support charitable purpose and investment management fees, has risen ahead of inflation, as measured by the consumer prices index. For the 12 months from 30 September 2016 the total value of the investment portfolio has risen 2.8% ahead of inflation, as measured by the consumer prices index, or 2.3% ahead of the inflation linked target.

During the year under review the investment assets of the Trust were managed by Sarasin and Partners LLP and Ruffer LLP.

The funds managed by Sarasin and Partners LLP are invested in two funds which complement each other to achieve the approved investment strategy; the majority of funds are held in the pooled Alpha CIF for Endowments, a diversified multi-asset exempt fund for charities, with

the remaining funds held in a segregated Global Equity Dividend fund, allowing greater exposure to global equity assets. Both funds have an ethical investment policy that includes avoiding tobacco stocks. The long-term investment objective for the combined portfolio is to achieve a total return, net of fees, of CPI +4.5% per annum. Over shorter time periods, performance is measured against a bespoke benchmark. The individual income yields on the Alpha portfolio and Global Equity Dividend portfolios were 3.2% and 2.7%, respectively, and the combined weighted yield across the aggregated portfolios was 3.1% at 30 September 2017 (2016 – 3.1%).

Following an investment review, the Finance Committee decided to transfer the funds under management with Ruffer LLP to Sarasin and Partners LLP. Where possible, investment assets were transferred in specie to Sarasin for inclusion in our Global Equity Dividend fund. The remaining assets are being liquidated by Ruffer LLP before transferring the proceeds to Sarasin. At the balance sheet date Ruffer LLP continued to hold c.£600,000 in closed-end assets which will liquidate in accordance with their predetermined end dates. These funds held by Ruffer LLP continue to maintain a restriction on direct investment in tobacco.

The Trust's investment in JP Morgan Asset Management's European Property Fund is held separately from the assets managed by Sarasin and Ruffer. This fund is currently in liquidation. At 30 September 2017, the fair value placed on this investment by the Trustees, after taking account of redemptions of £655,000 received in the year, including cash held against currency hedge, was £597,000 (2016- £1,080,000).

Financial strategy and reserves

The Trust's strategy is guided by its policy on expenditure, reserves and investments.

The Trust's policy on expenditure is to ensure there are adequate funds in order to generate a sufficient return to fund both the current and future charitable activities of the Trust. The Trust generates income from a variety of activities that support its core purpose and make the best use of its resources. Where the money generated is insufficient to cover its total expenditure, a proportion is drawn from the investment capital. In agreeing the level of resources, Trustees are mindful of their responsibility for the long-term stewardship of the Trust. Trustees take a risk-based approach, which aims to balance the Trust's ambition in meeting its charitable objectives; its ability to generate income; and its capacity to spend from investments, now and in the future.

The Trust's total reserves at 30 September 2017 were £85,709,000. As set out in note 20 to the accounts, £85,492,000 of this represents the expendable endowment with the balance of

£217,000 in a designated fund to meet external costs related to self-funded projects that the Trust has committed to undertake.

The Trust's policy on reserves is based on ensuring that they are sufficient to support the long-term nature of its work and cope with fluctuations in annual income. The Trustees consider reserves to be at an appropriate level and all to be considered 'free reserves'.

The Trust's policy on investments is to take a long-term approach, investing globally in a range of assets with the intention of preserving the value of the endowment in real terms after any drawdown to fund expenditure. The Trust does not invest directly in tobacco or tobacco-related stocks.

The Trust's investment strategy is to manage the portfolio on a total return basis, income and capital combined. The Trust has an asset allocation that is geared towards equities because of their higher expected returns in the long term. The Trustees recognise that the Trust will need to withdraw both investment income and some of the investment capital to fund the gap between its annual income and expenditure. This is set annually as part of the budget process based on the average value of the endowment fund over the last 20 quarters.

Structure, governance and management

The Trust 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.

The Trust's Articles of Association provide for a minimum of four Trustees, and a maximum of 12. Trustees are appointed for an initial term of three years and may be reappointed for a second term and, in exceptional circumstances, a third term. Appointment as a Trustee is open to any suitably qualified member of the public. Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Trust and their responsibilities as a Trustee.

Details of the Trust's current Trustees, and those who served during the year, are set out on page 4.

The Board of Trustees meets four times a year with the Chief Executive and the Senior Management Team to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to the operations of the Trust. The Board of Trustees has established a number of standing committees to support it in its work.

The **Governance, Nominations and Remuneration Committee** assists the Trustees by overseeing: governance; nominations, succession planning, induction support and development of Board members (individually and collectively); human resource issues, including the remuneration packages for senior staff; and any other functions delegated by the Board.

The **Finance Committee** assists the Trustees by: overseeing all financial and investment aspects of the charity; overseeing systems of internal control; and monitoring risk management, so as to ensure short- and long-term viability of the Trust.

The membership of these committees is shown on page 4.

Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, to whom they delegate the responsibility for realising the Trust's strategies and objectives and for the day-to-day management of the Trust. The Chief Executive is supported by a Senior Management Team, to whom they delegate authority for financial and contractual decision, as detailed in the 'Scheme of Delegation of Financial and Contractual Authorities'. The corporate governance arrangements, including the scheme of delegation, are reviewed at least every two years. The last review and update was completed in March 2017.

The Senior Management Team works within the framework set by the strategic plan and annual operating plan approved by the Board. Work programmes are produced for the different areas of activities. Progress on these work programmes is reported regularly to the Board, and approval secured for changes where necessary. It monitors, reviews and takes action on strategic goals and work programmes. Details of the current Senior Management Team and those who served during the year can be found on page 4.

Our funding

As a charitable trust, the Nuffield Trust has an expendable endowment worth £85,492,000 at 30 September 2017. This endowment provides the Trust with a valuable source of income

(£2,337,000 in the current year). We also obtain funds by withdrawing a proportion of the investment capital each year, in line with our financial strategy.

These sources of funds are not adequate to fund all our activities but guarantee a consistent and completely unrestricted stream of funds. The sources of our other income, from charitable activities, donations and others, is set out in the Consolidated Statement of Financial Activities.

The sources of our funding are diverse, with no single organisation contributing a sufficient proportion of the income to create reliance or significant risk to the organisation were it to be withdrawn. This provides reassurance that our objectivity can be maintained.

Managing risk

The Trust's risk management approach, governed by the Board of Trustees, is documented as the Corporate Risk Assessment and Management Framework. This framework describes the processes defining risk identification, assessment, recording, ownership, measurement and monitoring.

Within the framework, there are three categories of risks: 'static', i.e. unlikely to require significant change in the short to medium term; 'dynamic', i.e. ever changing and with management controls that are under constant review; and 'evolving', low-level risks which may, in the right environment, convert into high-level risks in the future, captured on a 'watch list'. The review frequency of each category has been defined to ensure appropriate levels of focus and resource are applied.

The Trust's Senior Management Team is responsible for ensuring that the risk management approach is adequately applied and for reporting to Trustees based on risk category and the defined review frequency.

A summary of the Trust's approach to mitigating the most significant risks is shown below.

Risk	Management response	
	Management approach/plan	Monitoring process
Levels of funding at the Trust are insufficient to support charitable activities	Continual development and review of external funding opportunities Defined objectives and restrictions set for investment managers	Regular review of potential funding opportunities and bids in the pipeline Regular review of investment manager performance
The Trust's independence is challenged	Ensure suitable editorial control arrangements Ensure suitable funding proportions (internal/ external funding) and that the sources of funding would not jeopardise independence, whether perceived or actual	Review of editorial control and IPR commitments at contractual stage, ensuring fit for purpose Regular review of funding sources
The skills and expertise within the Trust are not aligned to support the Trust's strategy	Identify and record the required skills and experience. Measure existing skills and realign through recruitment or training and development Promote training throughout	Regular review of internal skills. Staff appraisal process and regular engagement between staff, line manager and senior management
There is a failing in Information Governance (IG) controls at the Trust.	Maintain our ISO 27001 accreditation, continually improve our approach to IG, allow access to relevant training Proactive approach to cyber security	Internal and external audits of IG arrangements. Annual renewal of ISO / the NHS IG toolkit Annual network security assessments

The risks surrounding data protection, cyber security and information governance are a key focus at the Trust. Given the current prominence of these risks in the NHS and across the UK in general, the Trust has taken specific steps to ensure effective controls are in place to protect the sensitive data that we hold. These include: the recruitment of a dedicated Data and Information Governance Officer; cyber security training, both general awareness and technical; maintaining our ISO27001 accreditation; enhanced network security; and investment in the development of our knowledge of the General Data Protection Regulations.

The risk management approach identifies three core routes to success: **engagement** across all levels of the Trust, ensuring that risk management is considered throughout the business through team meetings, project planning and other forums; **recording and measurement** using the approved formats, consistently applying the approved risk assessment framework; and **review and improvement** by the risk owner. Continual improvement is a core theme throughout the Trust's risk management approach.

Remuneration policy

The Trust aims to provide all staff with remuneration packages that are competitive, fair, equitable and sustainable within the available resources of the Trust. The pay and remuneration for members of the Senior Management Team is approved by the Governance, Nominations and Remuneration Committee. The pay and remuneration for all other staff is approved by the Chief Executive within the financial parameters approved by the Board upon recommendation from the Finance Committee. In reaching its recommendation, the Finance Committee considers key inflationary indicators (e.g. CPI) and the increases made by comparable organisations and the NHS.

Fundraising policy

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable could include legacies and grants and are presented in our accounts within 'charitable activities'.

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators, professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the Trustees. We are not subject to any regulatory scheme (voluntary or otherwise) or relevant codes of practice, nor have we received any complaints in relation to fundraising activities or consider it necessary to design specific procedures to monitor such activities.

Wellness in the workplace

The Trust promotes employee wellness to aid good mental and physical health in the workplace and to help reduce absenteeism and workplace-related illnesses. Several initiatives are in place:

- An Employee Assistance Programme is available to all staff and provides free, confidential, and independent resource to help employees balance their work, family and personal life.
- Trustees receive a report at governance meetings of days lost due to staff sickness. During 2016-17, the proportion of working time lost to sickness was 2.1% (2015-16 – 1.3%), compared with the national average of 1.9%.

- We have participated for the past nine years in the Global Corporate Challenge, a competition which encourages employees to walk, run and cycle for a 100-day period over the summer.

- Staff benefits include flexible working, eye care vouchers, flu vaccinations, regular staff lunches and secure onsite bicycle parking.

The Trust also supports staff undertaking wellbeing-focused charity activities.

During the year a Trustee, with a special interest in employee well-being, has been appointed to advise and support the activities of the Trust as we continue to carry these initiatives forward to enhance the health and fitness choices for our staff.

Subsidiary undertaking

The Trust operates a wholly owned trading subsidiary, Nuffield Trading Limited, to carry out non-charitable trading activity for the Trust. Details are included in Notes 2 and 24 to the accounts.

Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006, and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, 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.

In preparing this Trustees' Annual Report, advantage has been taken of the small companies' exemption.

Auditors

The current Trustees have taken all steps they ought to have to make themselves aware of any information needed by the Trust'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 reappoint them will be proposed at a meeting of the Board of Trustees.

Approved by the Chair on behalf of The Nuffield Trust

Andrew McKeon

Chair, The Nuffield Trust
Date: 12 December 2017

Independent auditor's report to members of the Nuffield Trust

Opinion

We have audited the financial statements of The Nuffield Trust for Research and Policy Studies in Health Services ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 30 September 2017, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2017 and of the Group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you, where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements, and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the

financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic Report or the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

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

Responsibilities of Trustees

As explained more fully in the Responsibilities of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to members of the Nuffield Trust

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

More detailed description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 13 December 2017

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

Consolidated statement of financial activities for the year ended 30 September 2017

	Note	Unrestricted funds 2017 £'000	Expendable endowment fund 2017 £'000	Total funds 2017 £'000	Total funds 2016 £'000
Income and endowments					
Donations	4	80	-	80	40
Investment income	5	-	2,337	2,337	1,876
Charitable activities	6	1,617	-	1,617	1,001
Other		-	-	-	5
Total income and endowments		**1,697**	**2,337**	**4,034**	**2,922**
Expenditure					
Raising funds	7	-	432	432	535
Charitable activities	8	3,847	-	3,847	3,610
Total expenditure before historic pension costs		**3,847**	**432**	**4,279**	**4,145**
Historic pension costs	25	(150)	-	(150)	-
Total expenditure		**3,697**	**432**	**4,129**	**4,145**
Realised and unrealised gains on investment assets	**13**	**-**	**5,711**	**5,711**	**7,270**
Net income / (expenditure) before transfers		**(2,000)**	**7,616**	**5,616**	**6,047**
Transfers	11	1,991	(1,991)	-	-
Net income/ (expenditure) and net movement in funds		**(9)**	**5,625**	**5,616**	**6,047**
Reconciliation of funds – balances brought forward		226	79,867	80,093	74,046
Balances carried forward		**217**	**85,492**	**85,709**	**80,093**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 59 to 79 form part of these financial statements.

Consolidated and charity balance sheet at 30 September 2017

	Note	Consolidated 2017 £'000	Consolidated 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Fixed assets					
Tangible assets	12	1,837	1,885	1,837	1,885
Investments	13	80,829	76,593	80,829	76,593
		82,666	**78,478**	**82,666**	**78,478**
Current assets					
Debtors	14	537	482	584	566
Short term deposits	15	3,372	2,109	3,372	2,109
Cash at bank and in hand		133	284	84	200
		4,042	**2,875**	**4,040**	**2,875**
Creditors: amounts falling due within one year	16	(652)	(785)	(650)	(785)
Net current assets		**3,390**	**2,090**	**3,390**	**2,090**
Creditors: amounts falling due after one year	17	(97)	(75)	(97)	(75)
Provisions for liabilities	18	(250)	(400)	(250)	(400)
Net assets		**85,709**	**80,093**	**85,709**	**80,093**
Funds					
Expendable endowment fund	20	85,492	79,867	85,492	79,867
Designated fund	20	217	226	217	226
Total funds		**85,709**	**80,093**	**85,709**	**80,093**

The surplus attributable to the Charity for the year ended 30 September 2017 was £5,616,000 (for 2016: £6,047,000).

Consolidated and charity balance sheet at 30 September 2017

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Chair on behalf of the Trustees of The Nuffield Trust and authorised for issue on 12 December 2017.

Andrew McKeon

Chair, The Nuffield Trust.

The notes on pages 59 to 79 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Cash used in operating activities	26		(2,700)		(3,107)
Cash flows from investing activities					
Dividends and interest from investments		2,337		1,876	
Purchase of tangible fixed assets		-		(16)	
Proceeds from sale of investments		29,220		8,107	
Purchase of investments		(27,745)		(6,221)	
Cash generated by investing activities			3,812		3,746
Increase in cash & cash equivalents			**1,112**		**639**
Cash & cash equivalents at the beginning of the year			2,393		1,754
Cash and cash equivalents at the end of the year			**3,505**		**2,393**
Analysis of cash & cash equivalents					
Short term deposits	15		3,372		2,109
Cash at bank and in hand			133		284
Total funds			**3,505**		**2,393**

Notes on the financial statements

1. Accounting policies

The Nuffield Trust is an incorporated charity registered in England and Wales with the Charity Commission. The address of the registered office is given on the opening page of this document and the nature of its operations is set out in the report of the directors. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

Disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent charity;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertaking, all of which were prepared to 30 September 2017. The trading results of the subsidiary undertaking as shown in note 24 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 Companies Act 2006.

Income

All incoming resources are recognised once the group and charity has entitlement to the resources, it is probable 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.

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 raising funds and charitable expenditure.

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. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources and including the associated costs of publication and dissemination. Expenditure on performance-related contracts is recognised only when the activity stipulated in the agreement has been completed. This is generally equivalent to the proportion 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, governance, finance, and information systems. The details of support costs are shown under note 9.

Fixed assets

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

The leasehold premises (originally acquired by The Nuffield 1940 Trust in 1992) are depreciated over the remainder of the lease, currently 66 years. 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.

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).

Staff pensions

During the year, the Trust was a member of one final salary pension scheme, the NHS Pensions Scheme, which is a public sector scheme. The NHS Pension Scheme is unfunded but as a statutory scheme, benefits are fully guaranteed by the Government. The Trust operates the Nuffield Group Personal Pension Plan (NGPPP), a defined contribution pension scheme administered by Legal & General and contributes to one other, private, defined contribution pension scheme. Accordingly, due to the nature of the schemes, the accounting charge for the period under FRS102 represents the employer contributions payable.

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.

Designated funds are funds that have been set aside by the Trustees for a specific purpose, with the balance constituting the charity's expendable endowment. An analysis of designated funds is provided in note 20.

Derivative financial instruments

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding derivatives at reporting date are included under the appropriate format heading, depending on the nature of the derivative.

2. Subsidiary

The Trust owns the whole of the issued capital amounting to £1 (one ordinary share of £1 each) of Nuffield Trading Limited, a company registered in England and 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.

3. Basis of consolidation

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

4. Donations income

	2017 £'000	2016 £'000
Donation income – for seconded staff (see note 9)	80	40

5. Investment income

Investment income received in the year was made up as follows:

	2017 £'000	2016 £'000
Investment portfolio	2,335	1,872
Bank interest	2	4
	2,337	**1,876**

Of the total investment income in 2017, £nil (2016 – £nil) was related to unrestricted funds and £2,337,000 (2016 – £1,876,000) was related to endowment funds.

6. Charitable activities

	2017 £'000	2016 £'000
Income from projects	1,617	1,001

Of the total income from charitable activities in 2017 £1,617,000 (2016 - £1,001,000) was related to unrestricted funds and £nil (2016 - £nil) was related to endowment funds.

7. Raising funds

	2017 £'000	2016 £'000
Investment management fees charged	356	456
Support costs (note 9)	76	79
	432	**535**

Of the total expenditure from raising funds in 2017 £nil (2016 – £nil) was related to unrestricted funds and £432,000 (2016 - £535,000) was related to endowment funds.

8. Charitable expenditure

The objects of the Trust 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, in particular through the promotion of improvements in the quality of health care and health policy. All the activities of the charity are managed through a single structure with the impact of activities reported against the strategic objectives. Below is an analysis of this expenditure:

	2017 £'000	2016 £'000
Commissioned work	460	316
Grants awarded	-	19
Direct spend	185	449
Support costs (as shown in note 9)	3,202	2,826
	3,847	**3,610**

Of the total charitable expenditure in 2017, £3,847,000 (2016 - £3,610,000) was related to unrestricted funds and £nil (2016- £nil) was related to endowment funds.

9. Allocation of support costs

	Generating funds 2017 £'000	Charitable activities 2017 £'000	Total allocated 2017 £'000	Total 2016 £'000
Staff time (nature of the charge)	53	2,470	2,523	2,177
Notional cost of seconded staff (nature of the charge)	-	80	80	40
Premises costs (use of area)	14	211	225	237
IT and telephone costs (staff time)	4	171	175	159
Travel and hospitality (staff time)	-	10	10	12
Professional fees (staff time)	-	23	23	28
Communications and PR (staff time)	2	95	97	74
General costs inc. irrecoverable VAT (staff time)	3	110	113	140
Governance fees (nature of the charge)	-	32	32	38
	76	**3,202**	**3,278**	**2,905**

Trustees' expenses included in general costs above amount to £nil (2016 - £453).

Governance fees include audit fees of £25,764 (2016 - £17,386).

Charity only £25,764 (2016 – £17,386).

Secondments and placements

The Trust has benefitted throughout the year from a secondment. We gratefully acknowledge the support for 1 person and have estimated that the value is approximately £80,000. (2016 - 3 people, £40,000).

10. Staff emoluments

	2017 £'000	2016 £'000
Salaries costs	2,141	1,990
Social security costs	231	231
Pension costs	269	243
Other staff costs	97	121
	2,738	**2,585**

The key management personnel of the charity, as defined by SORP, comprise the Trustees and Senior Staff as listed on page 4. The total employee benefits of the Trustees was nil for both 2017 and 2016, for Senior Staff during the year it totalled £631,000 (2016 - £537,000). The increase in Senior Staff costs is principally due to a long-term vacancy being filled during the year which has reversed part of a £186,000 reduction in costs reported last year.

During the year, staff were recruited and assigned to specific project work. The costs of these colleagues are included in direct project expenditure.

	2017 £'000	2016 £'000
Project staff costs, allocated as direct project costs	215	408
Allocated as support costs	2,523	2,177
	2,738	**2,585**

The average number of employees employed by the group during the year was 42 (2016 - 41). All were employed by the charity.

Higher paid employees – Group and Charity

The numbers of employees for whom remuneration exceeded £60,000 were:

	2017 £'000	2016 £'000
£60,000 to £70,000	3	2
£70,000 to £80,000	0	2
£80,000 to £90,000	3	1
£90,000 to £100,000	0	0
£100,000 to £110,000	1	1
£110,000 to £120,000	1	0
£160,000 to £170,000	1	1

Contributions were made to the Nuffield Trust Group Personal Pension Plan, which is a defined contribution scheme for 6 (2016 - 4) higher paid employees, to the NHS Pension Scheme, which is a defined benefit scheme for 2 (2016 - 2) higher paid employees and to a private personal pension defined contribution scheme for 1 (2016 - 1) higher paid employee.

11. Transfer between funds

Under the terms of the expendable endowment, any shortfall in unrestricted funds and the costs of meeting project commitments can be transferred from the expendable endowment.

	2017 £'000	2016 £'000
Net outgoing resources for the year from unrestricted charitable activities	(2,000)	(2,564)
Designated funds expended in the year	9	726
Transfer from expendable endowment to unrestricted funds	**(1,991)**	**(1,838)**

12. Tangible fixed assets

Consolidated and parent charity

	Leasehold properties £'000	Furniture and equipment £'000	Total £'000
Cost			
At 1 October 2016	2,202	230	2,432
Additions	-	-	-
Disposals	-	-	-
At 30 September 2017	**2,202**	**230**	**2,432**
Depreciation			
At 1 October 2016	(331)	(216)	(547)
Provision during the year	(40)	(8)	(48)
Disposals	-	-	-
At 30 September 2017	**(371)**	**(224)**	**(595)**
Net book value			
At 30 September 2017	**1,831**	**6**	**1,837**
At 30 September 2016	1,871	14	1,885

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

13. Fixed asset investments

Consolidated and parent charity

	2017 £'000	2016 £'000
Market value at 1 October 2016	75,325	69,721
Additions	27,745	6,221
Disposals	(26,064)	(8,604)
Unrealised gains	3,173	7,987
Market value at 30 September 2017	**80,179**	**75,325**
Short term deposits	650	1,267
Total investments at 30 September 2017	**80,829**	**76,593**
Historical cost of assets held at 30 September 2017	**64,777**	**63,649**
The geographical split of investments is as follows:		
UK	68,784	62,132
Overseas	12,045	14,461
	80,829	**76,593**

13. Fixed asset investments (continued)

The following asset represents more than 5% by value of the total portfolio as at 30 September 2017:

	2017 £'000	2016 £'000
Sarasin Alpha CIF for Endowments	66,395	52,367

Realised and unrealised gains and losses on investments

	2017 £'000	2016 £'000
Unrealised gains	3,173	7,987
Realised gains/(losses)	2,538	(717)
	5,711	**7,270**

14. Debtors

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Prepayment	69	66	69	66
Other debtors	468	416	456	416
Amounts owed by subsidiary company	-	-	59	84
	537	**482**	**584**	**566**

15. Short-term deposits

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Coutts Bank Deposit accounts	2,516	1,255	2,516	1,255
CCLA Term Deposit	50	50	50	50
Scottish Widows Bank Term Deposit	806	804	806	804
	3,372	**2,109**	**3,372**	**2,109**

16. Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Tax and social security	66	69	66	69
Commissioned work commitment	74	71	74	71
Accruals and other creditors	492	625	490	625
Leasehold obligation	20	20	20	20
	652	**785**	**650**	**785**

17. Creditors: amounts falling due after one year

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Leasehold obligations	97	75	97	75

18. Provisions for liabilities

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
USS pension S75 provision	250	400	250	400

As detailed in note 25, the Trust is still awaiting confirmation from the Trustees of the USS pension scheme as to the amount of the Trust's S75 liability. Based on the information currently available to us we estimate this liability to now be £250,000.

19. Financial instruments

The group's financial instruments may be analysed as follows:

	Group 2017 £'000	Group 2016 £'000
Financial assets		
Financial assets measured at fair value through statement of financial activities	80,829	76,593
Financial assets that are debt instruments measured at amortised cost	4,042	2,875
Financial liabilities		
Financial liabilities measured at fair value through statement of financial activities	-	-
Financial liabilities measured at amortised cost	999	1,260

Financial assets measured at fair value comprise investments.

Financial assets measured at amortised cost comprise debtors, short-term deposits and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise creditors.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow and interest rate risk is included in the Trustees' annual report.

Included within financial assets at fair value are a number of derivative instruments, including swaps and forward purchase arrangements, which form part of the organisation's overall investment strategy. As at 30 September 2017 the fair value of these derivatives was negative £91,000 (2016 – negative £78,000).

20. Funds

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Expendable endowment				
Balance at 1 October 2016	79,867	73,094	79,867	73,094
Excess of expenditure over income from financial activities	7,616	8,611	7,616	8,611
Transfer (to) designated funds	(1,991)	(1,838)	(1,991)	(1,838)
Balance as at 30 September 2017	**85,492**	**79,867**	**85,492**	**79,867**
Designated fund				
Balance at 1 October 2016	226	952	226	952
Excess of expenditure over income from financial activities	(2,000)	(2,564)	(2,000)	(2,564)
Transfer from expendable endowment	1,991	1,838	1,991	1,838
Balance as at 30 September 2017	**217**	**226**	**217**	**226**
Total funds				
Balance at 1 October 2016	80,093	74,046	80,093	74,046
Excess of expenditure over income from financial activities	5,616	6,047	5,616	6,047
Balance as at 30 September 2017	**85,709**	**80,093**	**85,709**	**80,093**

The expendable endowment fund was originally created by a gift from Viscount Nuffield in June 1940 to The Nuffield 1940 Trust. A designated fund is held to provide for the costs of completing research projects in progress at the year end.

21. Grants awarded

	2017 £'000	2016 £'000
Harkness Fellowship	-	17
Other	-	2
Total grants	**-**	**19**

22. Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net (liabilities)/assets £'000	Total £'000
Expendable endowment fund	1,837	80,829	2,826	85,493
Designated fund	-	-	217	217
Total funds	**1,837**	**80,829**	**3,043**	**85,709**

23. Summarised results for the Trust

Of the group surplus for the year of £5,616,000 (2016 – surplus of £6,047,000), the income and expenditure relating to the Trust is as follows:

	2017 £'000	2016 £'000
Total incoming resources	4,034	2,922
Total resources expended	4,129	4,145
Net (outgoing) resources before other gains/losses	**(95)**	**(1,223)**
Realised and unrealised gains on investment assets	5,711	7,270
Net movement in funds	**5,616**	**6,047**

24. Summarised results for subsidiary entity

Of the group surplus for the year of £5,616,000 (2016 – surplus of £6,047,000), the income and expenditure relating to the Charity's wholly-owned subsidiary entity, Nuffield Trading Limited, is as follows:

	2017 £'000	2016 £'000
Total incoming resources	81	116
Total resources expended	24	23
Net incoming resources before other gains/losses	**57**	**93**
Gift Aid distribution to ultimate parent company	57	93
Retained funds	**-**	**-**
Net movement in funds	-	-
Net assets	**-**	**-**

25. Staff pensions

The Trust is a current member of a defined benefit pension scheme; the NHS Pensions Scheme (NHSPS). Historically it was also a contributing member of the Universities Superannuation Scheme (USS) defined benefit pension scheme.

NHS Pensions Scheme

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 (2016 - 3) employees. Employee contribution rates vary from 5% to 13.5%, depending on the member's pensionable earnings. Employer contributions are set by the Government Actuary at 14.3% 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.

USS Pension Scheme

The USS is a funded multi-employer scheme. Following the departure of the Nuffield Trust's last remaining employee in the USS pension scheme in May 2015, an employer S.75 debt liability was triggered and became due in May 2016. During our work to quantify this liability it was identified that the Trust had two separate liabilities to the USS pension scheme. The first liability being the S75 liability related to two former employees and the second arising as guarantor under an 'Approved Withdrawal Agreement' which the Trust entered into in October 2007.

The Trust is still awaiting the actuarial certificates from USS to enable it to settle the S75 liability originally due in May 2016. This amount is therefore still outstanding. Our best estimate, based on the information available to us, is that this liability amounts to £250,000 which has been provided for as a 'provision for liabilities' in the balance sheet. This is a reduction of £150,000 to the provision made at 30 September 2016.

The 'Approved Withdrawal Agreement' has clearly defined 'trigger events', which the Trust does not envisage occurring in the foreseeable future. Any liability will be calculated as at the date of the 'triggering event'. As such there is insufficient probability, as to both the timing and amount, of any liability due to USS to enable us to make a provision for this. In accordance with chapter 21 of Financial Reporting Standard 102, this potential liability is therefore disclosed as a contingent liability in note 27.

Nuffield Group Personal Pension Plan

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%. Thirty-nine (2016 - 41) employees are members of the scheme.

The total pension charge for the period for all schemes was £269,000 (2016 - £243,000).

26. Reconciliation of net movement in funds to net cash flow from operating activities

Consolidated

	2017 £'000	2016 £'000
Net movement in funds	5,616	6,047
Gains on investments	(5,711)	(7,270)
Depreciation of tangible fixed assets	48	57
(Increase) in debtors	(55)	(34)
(Decrease) in creditors	(261)	(31)
Investment income	(2,337)	(1,876)
Cash used in operating activities	**(2,700)**	**(3,107)**

27. Contingent liability

As detailed in note 25, the Trust has a liability as guarantor to the Universities Superannuation Scheme (USS) under the 'Approved Withdrawal Agreement' dated October 2007. The Trust does not envisage that any of the 'trigger events' will occur in the foreseeable future. As such there is insufficient probability as to both the amount and timing, which is calculated at the date of the 'triggering event', to enable the Trust to make a provision for any liability due to the USS pension scheme.

28. Related party transactions

The Trust owns the whole of the issued capital amounting to £1 (one ordinary share of £1 each) of Nuffield Trading Limited, a company registered in England and Wales with number 6898100. In accordance with SORP (FRS102), the Trust's transactions with Nuffield Trading Limited are set out below.

	2017 £'000	2016 £'000
Sales	23	23
Purchases	-	-
Amounts due from/(to) Nuffield Trading Limited	**59**	**84**

The only related party transactions relating to the Trust's Trustees are the expenses reimbursed to them, as set out in note 9.

Nuffield Trust is an independent health charity. We aim to improve the quality of health care in the UK by providing evidence-based research and policy analysis and informing and generating debate.

For more information about Nuffield Trust, including details of our latest research and analysis, please visit www.nuffieldtrust.org.uk

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Published by the Nuffield Trust.

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