

# Report and financial statements

For the year ending  
30 September 2019

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

*Charity number: 209169*

*Company number: 00382452*

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 00382452. 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 06898100.

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)	Rupert Hill
Dr Rosie Benneyworth	Kathryn Matthews
Dr Jocelyn Cornwell	Julia Palca
Tara Donnelly	Dr Christian van Stolk
Professor Tim Evans (to November 2018)	Sir Michael Deegan (to May 2019)
Ian Krieger (to May 2019)	

Andrew McKeon is the Chair of the Governance and Remuneration Committee, the other members are Jocelyn Cornwell, Rupert Hill and Julia Palca.

Rupert Hill is the Chair of the Finance Committee. Other members are Kathryn Matthews and Christian van Stolk.

Non-Trustee Member of the Finance Committee: Kevin Lowe FCA (to May 2019), Kim Lim (from February 2019)

### Company secretary

Sara Longmuir (to November 2018)

Rebecca Davies (to August 2019)

Ruth Hallesy (from September 2019)

### Senior staff

Nigel Edwards, Chief Executive

John Appleby, Director of Research and Chief Economist

Helen Buckingham, Director of Strategy & Operations

Candace Imison, Director of Policy (to May 2019)

Fiona Johnson, Director of Communications

Sara Longmuir, Interim Director of Finance (to November 2018)

## Senior associates and visiting fellows

Professor Sir Nick Black

Professor Nick Mays

Professor Richard Bohmer

Dr Nadeem Moghal

Amy Caldwell-Nicholls

Anne Marie Rafferty CBE

Dr Ronny Cheung

Dr Geoffrey Rivett

Richard Darch

Professor Judith Smith

Professor Deirdre Heenan

Dr David Steel

Bob Klaber

Jonty Roland

Sharon Lamb

Nicholas Timmins

Dr Richard Lewis

John Wilderspin

Professor Marcus Longley

## 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

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

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

## Legal advisers

Stone King Sewell LLP, 91 Charterhouse Street, London, EC1M 6HR

## Charity number

209169

## Trustees' annual report

The Trustees present their report and the financial statements of the charity for the year ending 30 September 2019. 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 of Ireland (FRS102) (effective 1 January 2015) – Charities SORP (FRS102)* and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The objectives 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 policy-makers, practitioners and others together 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 Board continued to follow the themes for the Trust's work programme set last year.

Trustees 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;
- where we can help our audiences develop new insights;
- where we can harness the expertise and enthusiasm of our staff.

In addition to the full Trustee Board, there are two Trustee 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 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. It takes the lead in monitoring cybersecurity on behalf of the Board.

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 staff. Day-to-day management of the Trust's functions is the responsibility of the Chief Executive and the Leadership 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 Rupert Hill (Global Head of Pharmaceuticals and Head of European Healthcare at Investment Bank Greenhill). Other Trustees who served during the year are:

- Dr Rosie Benneyworth (Chief Inspector of Primary Medical Services and Integrated Care, Care Quality Commission)
- Dr Jocelyn Cornwell (Chief Executive and Founder of The Point of Care Foundation)
- Tara Donnelly (Chief Digital Officer, NHSX)
- Kathryn Matthews (Director of Barclays Bank UK plc, Pandal Group Ltd and J.P. Morgan Chinese Investment Trust)
- Julia Palca (Chair of City University London)
- 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).

We were greatly saddened by the death of Trustee, Professor Tim Evans, in November 2018. Tim was an outstanding doctor, health care leader and thinker and we were very lucky to have his knowledge, expertise and wisdom in the four years he was a member of the board.

We are particularly grateful to Ian Krieger who retired as chair of the Finance Committee and from the Board in May 2019 and to Sir Michael Deegan who also retired in May 2019.

In addition, Kevin Lowe (Director of PwC) retired in May 2019 after many years' service as a non-trustee member of the Finance Committee. We are very grateful to him. He was replaced by Kim Lim (Finance Director at UCL Partners)

None of the Trustees or non-trustee members of the Finance Committee has 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 and would like to record particular thanks to Professor John Billing, Professor Marcus Longley, Dr Ben Mearns, Professor Peter Smith and Professor Andrew Street whose terms of office concluded in August 2019.

#### 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 assessing its current and 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 doing so, it seeks to improve the health and care of all members of the public.

All our charitable activities focus on health and care policies 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

Our annual report for this year marks the endpoint of a successful five-year strategy. At the start of 2020, we will have a new strategy to form the basis of the Trust's direction and priorities for the next five years.

The Government's focus has been firmly fixed on Brexit over the past year, leaving little room for other policy-making. Leaving the European Union will be one of the biggest shifts in the politics and economics of the UK for the last 50 years. How it happens and the type of deal, or no deal, that we get, will have a major impact on the workforce, funding, regulation and supply of the NHS and social care. Our role amidst the Brexit noise has been to deliver evidence-based analysis, which shows how leaving the EU will affect health and care, and assess the impact of decisions made by policy makers. Our timely decision to establish a Brexit programme of work has led to us being a 'go to' organisation for independent commentary on the NHS and Brexit.

Although Brexit has been all-consuming for the Government and Parliament, the health and social care system remains of top concern to the public – satisfaction with the NHS is at its lowest level in a decade, as demonstrated by this year's British Social Attitudes survey which we part funded. In the past year, the narrative has changed in terms of the biggest challenge facing health and care. Following the Government's announcement in 2018 to ensure the NHS has a more sustainable funding position, joint analysis on several occasions by the three leading health think tanks on workforce has proved influential in ensuring all eyes turn to the workforce crisis. We believe that the workforce is the make-or-break issue for the NHS in England. The scale and complexity of the workforce challenge facing the NHS and social care has become an ever-present backdrop for debates about current pressures and future opportunities and challenges.

Our newest priority area, children and young people, has strengthened over the past year. Our report titled International Comparisons of Health and Wellbeing in Adolescence and Early Adulthood (in partnership with the Association for Young People's Health), was well-received and reached a wide audience after being featured on the front page of the Guardian.

We are part way through the second phase of our QualityWatch programme, undertaken in partnership with the Health Foundation. We have made improvements to the suite of care quality indicators, streamlining the volume and frequency released, as well as undertaking a significant website transition and launching a new annual visualisation.

These are feeding through into sustained improvements in website visits and positive feedback on content from a range of stakeholders.

In August Nuffield Trust analysis of the Government's pledge to boost capital spending by £1.8 billion, was carried out by Senior Policy Analyst Sally Gainsbury. The analysis questioned whether the new funding was all 'new' money, receiving record media coverage for the organisation and resulting in the organisation being invited to give written and oral evidence to the House of Commons Health and Social Care Committee.

We have strengthened our voice on social care issues, drawing on international comparisons to illuminate trends, differences and possible approaches in England. Our most recent social care report explored the successes and shortcomings of Germany's system, and lessons to improve social care in England. As our social care system continues to falter, our research explored how the German system responded to a similar situation, bringing about far-reaching reform. The report was well-received, and has led to further requests for comments and interviews, such as on Labour's free personal care announcement.

The Nuffield Trust has a strong history and reputation in the field of complex evaluations. We have been chosen as the external evaluator of Helpforce's Volunteer Innovation Programme, which looks at the evidence behind volunteering innovations in hospitals across England.

Our work on access to GP services and continuity of care has steadily grown over the past year, and this has translated into discernible impact. Following the launch of a report on access and continuity in general practice, Dr Rebecca Rosen was invited to join the National GP Access review advisory board. She has been asked to contribute to developing policies that achieve both good access and good continuity of care and has written for the BMJ on the subject.

We now report on a substantial work programme across the six strategic priority areas approved by Trustees. We show how policy makers and service leaders have used our evidence to inform or adapt their plans, and describe the impact of our work and its public benefit.

# 1. NHS and social care reform

## Objectives for this work programme

High quality analysis and timely commentary on health and social care reform is central to our work and permeates all our work programmes. The particular focus of this work stream is authoritative and responsive analysis that sheds light on topical issues such as NHS funding, the ramifications of Brexit, the challenges of service reorganisation and the need for a sustainable and fair approach to social care.

## Public benefit of this work

It is important that evidence and analysis are brought to bear on the major decisions affecting 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 significant proposals and decisions on funding and services be subject to scrutiny and challenge. Our work offers independent and objective analysis to parliamentarians and others, allowing people to judge the merits of funding decisions, major reforms and policy initiatives.

## 1.1: Brexit

Our Policy Analyst Mark Dayan has continued to lead our work on Brexit, establishing the organisation as an authority on the impact Brexit may have on the NHS and social care.

Our joint letter with The King's Fund and the Health Foundation to MPs, outlining the implications of a no-deal Brexit on health and care, was widely reported. Through a series of blogs, media interviews and articles, Mark Dayan's analysis reveals that almost any deal would be better for the NHS than a 'no deal' exit from the EU.

## Public benefit and impact of this work

No part of the society will remain unchanged following Brexit. It will have profound implications for the NHS and social care, particularly for the workforce and medicines supply. The final shape of Brexit still hangs in the balance (including no deal). We have become a trusted source of analysis of the challenges ahead.

At the end of last year, MP Tulip Siddiq scheduled a written question asking the Secretary of State for Health and Social Care to respond to Mark Dayan's analysis of how much a no-deal Brexit would cost the NHS. Mark Dayan has given both written and oral evidence to the Health Select Committee on the implications of Brexit on the NHS.

## **1.2: NHS funding and finances**

### 1.2.1: The NHS Long Term Plan

Many Nuffield Trust staff were invited to contribute to several workstreams that made up the Long Term Plan and we produced a series of articles on different aspects of the Plan, as well as three bespoke pieces of work.

The first of these was an event and report looking at what we can learn from the NHS's long history of plans and reorganisations. Launched at an event at the Institute for Government in October 2018, the report detailed lessons from history in six areas, including workforce, funding and public engagement.

The second piece of work on the Plan was a joint briefing with The King's Fund and the Health Foundation highlighting the scale of the workforce crisis. Published in November 2018, this resulted in much greater awareness of the need for a detailed workforce strategy to go alongside the Plan.

Finally, following the Plan's launch on 7 January, Nigel Edwards responded, welcoming its ambition but cautioning how successful its implementation would be given the huge scale of the workforce challenge upon which the Plan depends. Around the same time, Billy Palmer undertook a detailed analysis describing how challenging it would be to achieve NHS England's figure that the Plan would save 500,000 lives.

#### Public benefit and impact of this work

The NHS Long Term Plan sets the vision for how health care will be delivered over the next 10 years so that, as society develops and medicine advances, the service keeps pace with change. It is vital that major decisions pertaining to how health and social care services will be delivered and funded are based on sound evidence and analysis since, ultimately, they are paid for using public taxes.

Our work on lessons from history was widely welcomed, including by those involved in drawing up the NHS Plan. Since then we have been commissioned by NHS England to explore what we can learn from the previous incarnations of regional tiers within the NHS between 1996 and 2011.

After the Long Term Plan was published, Nigel Edwards appeared in front of the Health Select Committee to respond to it, and our joint briefing on the workforce with the other health think tanks was widely cited, leading to the organisations being invited to sit on the National Workforce Steering Group.

### 1.2.2: NHS finances

Theresa May used the NHS's 70<sup>th</sup> birthday celebrations as an opportunity to announce that the NHS in England was to get an extra £20.5 billion a year in real terms above the 2018/19 level by 2023/24. Ahead of the autumn budget, Senior Policy Analyst Sally Gainsbury published an analysis of how far this 3.4% real terms extra funding a year would take the health service, arguing there was a need to manage expectations on what the NHS funding boost can really achieve. Following the budget, we collaborated with The King's Fund and the Health Foundation to publish an explainer on where the money is coming from and what we know about where it will be spent.

In August, Sally Gainsbury carried out a detailed dissection of the £1.8 billion investment in NHS capital funding and whether some of this was in fact 'new money'. This resulted in a record amount of news coverage, and led to her being invited to give evidence to the Health Select Committee.

#### Public benefit and impact of this work

It is important that high quality analysis and evidence be brought to bear on Government policy-making. Sally Gainsbury's ongoing work on the NHS finances is a key example of how the Trust focuses on improving the quality of policy-making by providing evidence-based analysis, asking insightful questions and providing an objective view, ensuring the public is clear on what is happening and so can hold policy makers to account.

## 1.3: Social care

### 1.3.1: Learning from Germany: older people and social care

In September, we published our report examining what England can learn from the long-term care system in Germany. Our analysis explores the successes and shortcomings of Germany's system, and has nine lessons that might help improve social care in England. The challenges Germany has faced and is facing provide some very rich learning, as well as warnings, for policy-makers in England.

### 1.3.2: Social care funding briefing and interactive tool

We published a briefing analysing the strengths and weaknesses of 15 options for funding social care. Alongside this, we launched an interactive tool to provide analysis of different funding options for social care, and whether they meet tests for a fair and viable funding system.

#### Public benefit and impact of this work

Both reports are a contribution to the much-needed, strategic consideration of funding and reform options for the social care sector, as national policy progress on social care continues to stall.

We have continued to develop a more prominent voice on social care issues. Our experts have briefed numerous officials and commentators on social care, including officials within 10 Downing Street and the Department for Health and Social Care, the Labour Party's health team and Baroness Camilla Cavendish.

Our influence around the topic of social care has therefore continued to grow, and Natasha Curry has provided comment and interviews for a number of print and broadcast media in response to various reports and announcements.

## 1.4: British Social Attitudes Survey

We published findings from the annual British Social Attitudes survey with The King's Fund in March, which revealed the public's satisfaction with the NHS is at its lowest level in over a decade. The findings received widespread news coverage. We are now in the final year of our three-year joint sponsorship of the BSA (with The King's Fund), with a view to continuing for another three years from 2020 to 2022.

#### Public benefit and impact of this work

The British Social Attitudes survey presents an important 35-year data series on public attitudes to major social and economic issues. By part funding and disseminating the results of the survey, we help to ensure that the public and policy makers are informed of changing public views.

## 1.5: Nuffield Trust Summit

After 10 years at Wotton House we moved to a new venue in Windsor. The programme covered a range of topics, including workforce, social care, children and young people's health, integrated care and digital technology.

Speakers included Sir Andrew Dilnot, Warden of Nuffield College; Julia Unwin, Chair of the Independent Inquiry on the Future of Civil Society; Natasha Curry; and NHS England's Chief Executive Simon Stevens.

The audience has continually evolved year on year, with the added focus this year on targeting more mid-career individuals. This helped to bring in fresh perspectives to the discussions and is something we are continuing to build on as we start planning the 2020 Summit.

### **1.6: Rural health and 'left behind' areas**

We were commissioned by the National Centre for Rural Health and Care to undergo an analysis of the impact of rurality on the costs of providing health care. Our report from January outlined the policy considerations involved in accounting for unavoidable costs in providing health care in rural areas. The report found that the financial position of remote hospitals is so precarious that six of England's smallest and most remote hospital trusts account for nearly a quarter of the £1 billion deficit carried by NHS organisations in England.

This report was covered exclusively by the Sunday Telegraph and was widely picked up in regional media. We realised some immediate impact of this work – NHS England and the Department of Health and Social Care are planning to review current rurality allocation arrangements and have asked the Advisory Committee on Resource Allocation to investigate further.

In December we published an exclusive analysis for the Financial Times looking at discrepancies between the standard of GP care people receive in poor areas compared to their counterparts in richer areas. This was featured prominently in the paper and has led to approaches for follow-up commentary.

### **1.7: Winter analysis**

In recent years, the Trust has established itself as a leading commentator on the challenges that winter poses for the NHS. At the end of last year, we published a briefing from Dr Sarah Scobie analysing the particular factors contributing to winter challenges.

### **1.8: Reform in Northern Ireland**

Three years after Rafael Bengoa's blueprint for improving the Northern Irish health service, we sought to explore the journey of transformation for Northern Ireland's health and social care system.

Our published report assessed which factors are helping or hindering Northern Ireland's efforts to change its health and social care system. We found that the political vacuum and culture of centralisation were major contributors to impeding reform.

### **1.9: NHS reform timeline**

We updated our timeline charting all legislation, policy and political developments in health and social care over 70 years since 1942. This was a significant technical project to upgrade the webpages to enable a smoother and more interactive user experience and has been very well received. A quiz to launch the new timeline achieved an all-time record for open and click through rates via our email newsletter.

## **2. Quality of care**

Objectives for this work programme

As an independent organisation with expertise in measurement and analysis of quality of care, we provide independent scrutiny of the quality of care, and undertake research to improve the evidence on quality of care.

Public benefit of this work

Patients and the public expect to receive high quality, safe care at all times. It is vital that independent, non-statutory bodies continue to provide trusted, independent evidence on how quality of care is changing over time.

### **2.1: QualityWatch**

QualityWatch is a joint Nuffield Trust and Health Foundation programme monitoring how the quality of health and social care is changing over time. We have over 200 indicators, which feature interactive charts designed to explore changes in the quality of health and social care over time. They are categorised by domain and sector to provide coverage of a wide range of services and aspects of quality.

After an initial five-year programme, we agreed a further two years' funding for QualityWatch with the Health Foundation. In order to deliver QualityWatch on a sustainable basis, we decided to streamline the volume and frequency of care quality indicators released, and migrate the QualityWatch microsite onto dedicated pages within the Nuffield Trust website. We conducted a 'soft launch' of the new programme in November 2018.

Each month, Jessica Morris updates a selection of indicators focusing on one aspect of quality, and publishes a summary of our analysis. We also analyse the latest NHS performance data every month and summarise our findings. We continue to receive positive feedback on these publications, and there has been a sustained improvement in website visits.

Integrated care has been a top priority for the NHS in England recently, focussing on joining up services more at a local and national level. The 2018 'new look' annual statement therefore took the form of an interactive scrolling story, which broke down a range of indicators to see whether drives to integrate services have led to improvements for patients. Dr Sarah Scobie published a blog alongside the data story to put the study in context.

At the end of September, we had a very welcome confirmation from the Health Foundation that they will extend the contract for a further two years.

#### Public benefit and impact of this work

The 2018 annual statement was very well received, and achieved very good rates of engagement via social media and directly. It was one of the most viewed outputs from the Nuffield Trust in the last 12 months.

The QualityWatch programme has tracked a consistent deterioration in access to care, with waiting time targets being missed, increases in delays in accessing hospital care, as well as accessing GP services. Care that is planned in advance is under increasing pressure. Over the past decade, hospital outpatient visits have nearly doubled, and waiting times have risen significantly. This is deeply concerning against a backdrop of a national NHS workforce crisis.

On a more positive note, the programme has also highlighted some of the good news stories in care quality, for example in parts of children and young people's health care, where we have seen a reduction in smoking among young people and a decrease in teenage pregnancy.

## **2.2: Prisoner health**

This is an 18-month project using routine health care data to better understand the health care needs of prisoners, their use of health services and how the quality of care for prisoners compares to non-prisoners.

It has consisted of two phases – a literature review to identify what is known about prisoners’ health care needs, followed by an analysis of routine data to describe prisoners’ use of secondary health care services. The project is part-funded by the Health Foundation.

The final report for the prisoner health project was delivered to the Health Foundation at the end of June. Throughout the course of the project, Dr Miranda Davies has been sought after for speaking engagements on prisoner health, and has pursued opportunities to comment on developments in this area. For example, she submitted a journal article focused on the research methodology to the Journal of Epidemiology and Community Health and made a submission to the Justice Committee’s inquiry into older prisoners. Dr Davies was acknowledged in the Penal Reform International Global Prison Trends 2019 report, which had a special focus on health care in prisons.

We continue to explore other opportunities for future prison research work. In the interim, an internally funded extension to the prison health work was agreed this summer to enable aspects of the current analysis to be replicated on 2018/19 hospital data.

#### Public benefit and impact of this work

Prisoner health is an under-reported area of health inequality and there is a lack of quantitative evidence about the quality of health care in this environment. We aim to fill at least some of this gap. We hope the findings will help to inform future Government policy-making on prisoner health.

## 3. The NHS workforce

We have continued our programme of analysis and commentary on workforce issues, with a major report on the staffing of acute medicine and detailed analysis of the gender and ethnicity pay gap in the NHS. We joined forces with the Health Foundation and The King’s Fund to provide evidence and recommendations for the national workforce strategy on which the Long Term Plan for the NHS will depend and co-published a briefing and report highlighting the scale of the workforce crisis and identifying solutions to the challenge.

#### Objectives for this programme

We believe that the workforce challenges facing health and social care are the biggest problem facing the NHS.

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 having 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: The health care workforce in England: make or break?**

One of our most significant efforts this year has been directed towards identifying solutions to the workforce crisis, which, if unresolved, will make delivery of the Long Term Plan impossible. To that end, together with the Health Foundation and The King's Fund, we published a briefing in November 2018 showing the scale of the workforce problems ahead of the publication of the NHS Long Term Plan (see Section 1.2.1 Long Term Plan).

### **3.2: Closing the gap: Key areas for action on the health and care workforce**

We followed up with a second joint workforce report in March which included a detailed and costed set of solutions to the immediate and long-term workforce pressures and significant policy recommendations. The report focuses on nursing and general practice, where the workforce challenges are particularly severe. In it, we call for a radical expansion of nurse training, with cost of living grants of £5,200 a year and a tripling in the number of people training as postgraduates; £250 million a year in additional funding for developing workforce skills, as part of a £900 million a year in investment.

Public benefit and impact of this work

The NHS workforce is under extreme pressure, and it is not just a matter of numbers. Many of the most pressing issues in the NHS at present relate to the planning, deployment and design of the workforce. Getting all of this right has never been more critical, especially with the uncertainty around migration following the country's vote to leave the EU. We will ensure our research and analysis informs the Government's strategy for the future health care workforce.

Our briefing *Make or Break?* led the domestic news agenda in early broadcast coverage and was widely reported in national print media.

The report *Closing the Gap* had significant presence in the media and many of our recommendations have been welcomed. For example, the Interim NHS People Plan fully accepts the conclusions from the report, and the Workforce Board and its sub-committees have eagerly anticipated our recommended solutions. Nigel Edwards, Candace Imison, Helen Buckingham and Dr Louella Vaughan were invited to sit on various working groups associated with the development of the People Plan.

Findings from the report *Closing the Gap* have been raised five times in Parliament including by Jeremy Corbyn at Prime Minister's Question Time. Labour has stated that it intends to take up our £250 million funding ask for workforce development in 2023/24 as party policy.

Alongside the joint workforce report, we refreshed one of our most read webpages, 'The NHS workforce in numbers'. We also provided the BBC with exclusive analysis on the change in GP numbers since the 1960s, which established a headline for their full day coverage on the crisis in general practice. This resulted in a large amount of media coverage and appearances for a number of staff on TV and radio. The accompanying blog has proved to be one of our most commented on.

### **3.3: Rethinking acute medical care in smaller hospitals**

There is an urgent need to create sustainable models for acute medicine in smaller hospitals. Too often, the reaction has been to try to close or downgrade these services rather than to develop solutions that better suit the needs of the local community. As a result, attempts to close these services have tended to fail, while the problems they were trying to address remain.

Our October 2018 report, commissioned by NHS England, looked at the ways in which hospitals (in particular those that are geographically isolated) serving between 140,000 and 300,000 people run medical services for acutely ill patients. We outlined a set of radical new approaches for running acute medical services in these institutions and suggested that planners and health executives should avoid assuming that closure is always the answer.

#### **Public benefit and impact of this work**

Medical care for people who are acutely unwell is a major component of unscheduled work in hospitals large and small. Service models that work well in large hospitals are not always viable for smaller hospitals and make existing staffing difficulties worse. Yet smaller hospitals account for half of all inpatient hospital provision so there is a clear public interest in identifying sustainable approaches to retaining them and staffing them safely.

Our work in this area has been very positively received by service leaders and by NHS England. Dr Louella Vaughan and Nigel Edwards have been much in demand in an advisory capacity to support local areas that are rethinking their acute services. They have also been invited to speak at a wealth of national and international conferences, including the Mediterranean Emergency Medicine Conference in Dubrovnik and the Medical Workforce Challenges in Smaller Irish Hospitals in Cork.

### **3.4: Analysing the gender pay gap in the NHS**

Drawing on previous analysis to describe the extent of overall pay differences by staff group, pay band, age and ethnicity, Laura Schlepper and John Appleby wrote a second briefing this year which looked at differences in basic pay between men and women employed by the NHS in England, based on data from the NHS electronic staff record for one month. It also identified factors that drive those differences.

Public benefit and impact of this work

In early 2018, legislation came into effect that required all organisations employing more than 250 people to publish headline details of their gender pay gap. The NHS is the UK's largest employer and can make a significant contribution to fostering greater equality in the workplace. By analysing the factors that lead to income inequality for different groups of staff, we will contribute to better employment practice and improved staff retention.

Our work in this area proved timely, as John Appleby and Laura Schlepper have contributed to recent workshops organised by Prof Jane Dacre as part of her review of the gender pay gap in medicine. Its publication prompted invitations from the Healthcare Financial Management Association to present our work at the Director's Forum and at the Chair, Non-Executive Director and Lay Member Faculty Forum.

### **3.5: Evaluation of Helpforce volunteer innovation programme**

Volunteering is an issue that is attracting growing interest (with an explicit mention in the Long Term Plan) and is thought to offer a range of benefits such as improved staff satisfaction, better patient experience and wider system efficiency.

In the summer we won a bid to become external evaluators of Helpforce's Volunteer Innovation Programme, in which 12 trusts were selected to receive NHS England funding to help scale and evidence volunteering innovations in hospitals across England. The first phase of the project is seeking to assess the feasibility of in-depth evaluation of a small number of those sites. A second phase involving a 15-month mixed-methods evaluation in up to three sites is under discussion with the funders.

# 4. New models of health care delivery

## Objectives for this programme

This is a varied workstream which includes a series of evaluations analysing the changing structures and models within primary care and the effectiveness of integrated care initiatives; the impact and potential of new technologies to improve patient care; and our work on acute medicine in smaller hospitals.

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 more timely and 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 also 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: Evaluating the effectiveness of new models of care

### 4.1.1: Rapid Service Evaluation Team

We were successful in securing funding from the National Institute for Health Research for a five-year programme of rapid service evaluations last year. The first evaluation – examining factors contributing to the success of the special measures regime for quality – is due to report early next year and four other evaluations are currently in the pipeline or at scoping phase.

These are digital innovations in outpatient services; the centralisation of specialised services; an intervention in emergency departments designed to help young victims of knife crime; and an evaluation of two pathway options for non-invasive prenatal testing for Down's syndrome screening.

Earlier in the year, we ran an event in partnership with the Health Foundation, RSET and BRACE to explore the growing use of rapid evaluation in the health service as a mechanism to drive improvement. With more than 100 delegates from a range of backgrounds, this was a highly successful conference and generated an appetite for similar events in the future. We are currently developing the programme for the next conference.

#### 4.1.2: Evaluation of the integrated care and support pioneers

The Integrated Care and Support Pioneer Programme covered 25 sites across England, selected in two waves in 2013 and 2015 for having the most 'ambitious and visionary' plans for health and social care integration. The Nuffield Trust is part of a five-year evaluation of the programme, led by the Policy Innovation Research Unit at the London School of Hygiene and Tropical Medicine, and has been monitoring health and social care indicators for any changes in the extent of care coordination and its consequences in the Pioneer areas compared to others.

In June, to coincide with the public release of our dashboard tracking these indicators, Eilís Keeble published an article looking at some of the challenges we have identified for measuring the success of integrated care initiatives in this way.

#### Public benefit and impact of this work

Knowing which of the growing number of initiatives to join up care in the health service actually work for patients is crucial in order to direct NHS spending efficiently.

On 18 August, our paper looking at the impact of the Pioneers on emergency admission rates using difference-in-differences analysis was published in BMJ Open.

There is something of an emerging pattern of evaluations of integrated care producing counterintuitive and puzzling results where, on occasion, the intervention arm performs less well than the control arm. To shed some light on why these interventions have been unable to achieve their aim of reducing hospital activity, we convened a seminar earlier this year to generate hypotheses for these conundrums.

## 4.2: General practice and primary care

### 4.2.1: Access and continuity in general practice

We were commissioned by NHS England to investigate the impact of improved access on continuity of care. Our report, published last November, found there is a large body of evidence to demonstrate the benefits of continuity of care for patients, but there is as yet little evidence to help us understand the impact that improved access has had on continuity, or the precise inter-relationship between continuity and access. However, we show that there are a number of strategies that can be adopted to promote continuity while improving access.

#### Public benefit and impact of this work

The commission from NHS England was the result of our previous work examining the trend in general practice to prioritise patient access, as well as other work. The report was well received by NHS England.

Nina Hemmings and Dr Rebecca Rosen presented to NHS England's 'General practice access and development group', informing them of the report's findings. Rebecca Rosen is part of an advisory group of the National GP Access. The board secretariat are drawing on the findings from our report – to deliver better access without letting go of continuity.

### 4.2.2 Primary care networks

The vision for the NHS set out in the Long Term Plan is predicated on a new model of general practice where traditional 'corner shop' clinics are grouped into large-scale, geographically coherent primary care networks (PCNs). The plan places significant emphasis on PCNs. But there are a number of challenges that need to be addressed if these networks are to develop successfully.

Following discussions with NHS England's Medical Director of Primary Care, Dr Nikki Kanani, we convened a workshop to enable primary care network leads and commissioners to develop their primary care networks. We conducted a 'pre-mortem' at the event – a strategic exercise that aims to consider why a project might fail so as to guard against that happening, thinking prospectively rather than retrospectively.

### 4.2.3 Delivering general practice with too few GPs

Earlier this year, we ran an event in partnership with NHS England, bringing together stakeholders from across general practice and policy to explore models for delivering general practice as the number of GPs is falling.

Following that event, Rebecca Rosen published a briefing that presented ideas on how general practice can continue to be provided as the shortage of GPs becomes chronic.

#### 4.2.4 Improving access out of hours: Evaluation of extended-hours primary care access hubs

This was the final instalment of a three-part in-depth evaluation of pilot schemes running in Barking and Dagenham, Havering and Redbridge CCGs. The evaluation looked at efforts to increase the availability of primary care health care access out of hours, and assessed whether it was able to improve the overall quality of services and patient experience.

### **4.3: Achieving a digital NHS: Lessons for national policy**

The Trust has built up a significant body of work evidencing how to improve care for patients through better use of data and technology, and the challenges and opportunities of creating a digital NHS.

With the Long Term Plan promising fully digitised secondary care services by 2024, creating a digital NHS is a national policy priority. To that end, a new body, NHSX, became established to lead national policy for technology, digital and data.

We were commissioned by NHS England to find out how national policy for digitisation is working from the perspective of acute trusts – where it's helping and how it could be improved, led by Sophie Castle-Clarke and Rachel Hutchings.

In the last week of May we published the report. The project was timed to provide the most helpful insight to national organisations on digital policy. The report contained a foreword by Will Smart, Chief Information Officer at NHS England/Improvement, and was published alongside a blog from Rachel Hutchings. The Associate CIO for NHSX has been in touch to confirm that the report is gaining real traction with NHSX and the Department of Health and Social Care.

#### Public benefit and impact of this work

Creating a digital NHS can empower patients to take control of their health and care. While a number of digital systems and services are being delivered in some parts of the NHS, technology adoption across many settings in primary and secondary care is slow, with a large variation in the digital maturity of providers. Our work aims to provide insight into where energy can most usefully be invested into digital policy.

Rachel Hutchings was invited to take part in a panel discussion centred on the report at the Healthcare Excellence through Technology (HETT) conference on 1 October 2019.

We were also approached by NHS Providers about their work to support Boards' understanding and experience of digitisation, based on the research and recommendations in the report. Discussions on follow-up work are ongoing.

#### **4.4: Care City evaluation**

In 2018 we became the evaluation partner for Care City in East London's application as a test bed site for Wave 2 of the NHS England digital innovations programme. The aim is to evaluate the implementation of digital technology in parts of North East London, in order to understand whether the innovations improve delivery of care and enhance the roles of support staff and domiciliary carers.

The first innovations that are part of the Care City programme went live over the summer, and interviews with innovators and Care City staff are complete. We have given Care City feedback on our findings and these have been received positively. The team have begun to analyse their findings in preparation for the interim report.

## **5. Older people and complex care**

### Objectives for this programme

The needs of older people with multiple health problems are a major driver of cost and demand. 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.

### 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.

#### **5.1: Hospital-wide comprehensive geriatric assessment**

Funded by NIHR, the aim of this project was to inform NHS managers, clinicians and patients about how best to organise hospital services for frail older people.

Our work has involved innovative data linkage between clinic/research data sets and routine Hospital Episode Statistics (HES) data. This allowed us to look at longer-term hospital costs and outcomes of patients classified as ‘frail’ and to create a frailty risk score using HES.

An important component of this project was the development of a frailty risk score, designed with co-researchers at the Universities of Leicester, Southampton, Newcastle and LSE. Eilís Keeble, Dr Liz Fisher and Chris Sherlaw-Johnson were awarded the Lancet Research Award as part of the Royal College of Physicians Excellence in Patient Care Awards.

Public benefit and impact of this work

The frailty risk score has the potential directly to improve the care of older people in hospital and we hope that winning the Award will help to extend its reach and impact.

### **5.3: Age UK**

On 31 January, we published our report on the evaluation of Age UK’s Personalised Integrated Care Programme. This work was led by Theo Georghiou and aimed to understand whether this scheme could help local systems by reducing the numbers of people being admitted to hospital in an emergency. Our detailed analysis found that the scheme had not been able to reduce costs or emergency admissions. This scheme is one of a number over the years that has sought to reduce cost pressures on the health and care service and has ultimately not achieved its goal.

Public benefit and impact of this work

As stated above, there are many publicly funded initiatives that aim to reduce unnecessary hospital admissions. There can be problems associated with using hospital admission reduction as an outcome measure to evaluate integrated care programmes. Evaluations are often conducted too early, before any given programme has had time to begin in earnest, thereby producing skewed results, or expectations from commissioners may not tally with what the scheme has been designed to achieve.

Conducting a well-designed evaluation has the power to save public money by ensuring that schemes which are failing are stopped at the appropriate time, or rolled out if shown to have the desired outcome.

## 5.4: Barking, Havering and Redbridge evaluations

In 2014, the Barking and Dagenham, Havering and Redbridge (BHR) Clinical Commissioning Groups (CCGs) in outer east London set up two schemes framed under the ‘Better Access, Better Care, Better Lives’ programme and partially funded by the Prime Minister’s Challenge Fund.

The schemes involved improving public access to primary care by providing additional capacity outside of core hours and the development of a new integrated care hub for the management of people with complex care needs. The work on the three linked evaluations was led by Chris Sherlaw-Johnson. The report on the integrated care hub, and an extension project looking at dedicated GP support for care home residents, were published in the spring of 2018.

This year we published our evaluation of extended access project, looking at its impact on patients and carers, staff and the wider health system. This report adopted a mixed-methods approach, including both quantitative and qualitative components, to assess whether the services improved service availability, patient access and patient outcomes. It found that patients liked the appointment-based system and that the use of A&E services grew less rapidly in the areas where hubs were located. However, from a commissioning perspective, such reductions in A&E attendance would not be enough to offset the local cost of providing the hub service.

# 6. Children and young people

Objectives for this programme

The UK’s already comparatively poor performance in improving health outcomes for children has stalled recently, and child health inequality will worsen further without concerted action. Patterns of illness and disease among children and young people have changed radically, without matching changes that could support children and their parents more effectively. Our programme aims to shed new light on the evidence and offer policy recommendations for national bodies and local service providers, leading to improvements in children’s health.

Public benefit of this programme

There has been far less policy focus on the health of children and young people than on older people and we aim to help address this with our growing research programme. We intend that our work in this field will help to maintain a focus on research and policy to improve quality of care, health and wellbeing for children and young people.

### **6.1: International comparisons of adolescent health outcomes**

On 20 February, we published another major output from the programme – International Comparisons of Health and Wellbeing in Adolescence and Early Adulthood in partnership with the Association for Young People’s Health (AYPH). Despite some successes, the UK’s performance on the 17 key health and wellbeing indicators highlighted in this report often lags behind that of the other 18 countries included in the analysis and there is much room for improvement.

At the start of July, Visiting Fellow Dougal Hargreaves had a journal article published in the Lancet Journal of Child and Adolescent Health, which looked at the association of the quality of paediatric epilepsy care received with mortality and unplanned hospital admissions. This was covered exclusively by Channel 4 News.

Public benefit and impact of this work

The health and wellbeing of children and young people depend on the commitment of their families and local communities, and the decisions and actions of public service providers and policy makers. This creates a moral imperative to safeguard and promote their interests as a more vulnerable group in our society.

The services we are providing to support them are failing to deliver at the standards found in similar countries and UK policy makers need to be held to account for this.

Our *International comparisons of health and wellbeing in adolescence and early adulthood* report featured on the front page of the Guardian and the Lancet, and the authors were involved in multiple interviews across different news outlets. Alongside the report, we co-published a blog with the AYPH and RCPCH arguing that health services for young people are not delivering the desired outcomes, which served as a conduit to help increase the report’s reach and impact.

Our profile as a commentator has grown rapidly this year, with the very welcome consequence of attracting the interest of practising paediatricians who are keen to contribute to our work.

## **6.2: Health Select Committee inquiry into the first 1,000 days of life**

The Health Select Committee published the report of their inquiry into the first 1,000 days of children's lives in February. They drew on our written submission to the inquiry and directly quoted from Dr Dougal Hargreaves' oral evidence to the inquiry.

## **6.3: Tri-Nuffield conference**

On 16-17 May we held a joint, multi-disciplinary conference with the Nuffield Foundation and Nuffield College involving the next generation of academics and researchers who will influence social policy development in the 2020s. The conference had a strong focus on the early years and has strengthened our relationship with the Foundation, as well as broadening our networks within social policy and academia.

# **7. Organisational development**

This year has seen some significant internal development projects come to fruition that will augment the effectiveness of the Nuffield Trust's work.

## **7.1: Merger of the policy and research teams**

As a natural extension of the close working between the policy and research teams, the two groups have merged into a single team, reinforcing the opportunities to use both quantitative and qualitative methodologies for research projects.

Existing line management arrangements remain in place, with the Director of Research and the Director of Strategy and Operations proving joint leadership to the team.

## **7.2: New leadership structure**

In February, we agreed to make a significant change in our leadership arrangements in order to improve the quality of decision making, create a more robust management system, address issues about succession planning and staff development and increase involvement of staff. We disbanded the senior management team and replaced it with a new, wider leadership team which includes the deputy and acting deputy directors from each team alongside the CEO and existing directors. This group has now become the main instrument for strategic planning and operational decision making.

We will actively review the effectiveness of the new arrangements in early 2020, but initial indications are that broadening the leadership group is helping us to make better decisions, to draw us closer together as a staff group and bring new perspectives and a fresh dynamic to the way we work.

### **7.3: New pay and progression structure**

A new salary and progression structure was introduced on 1 October 2018. The structure groups the staff into three salary families for Operations; Research and Policy; and Communications, with salary levels set with reference to external industry benchmarks for similar posts. Each salary band has three points. Progression is not automatic, but is contingent on the achievement of agreed objectives; movement to a higher band will occur only as a result of internal promotion.

### **7.4: Information and data governance**

In July, we signed a new data sharing agreement with NHS Digital that will allow us more flexibility in our use of their data, while protecting its integrity at all times. As one of the first of its kind to align data permissions to charitable objectives, this agreed approach sets the precedent for data usage for similar organisations. The agreement, along with the assurance work that underpinned it, has been hailed as an example of good practice by NHS Digital, and other research organisations are keen to learn about our approach. Also in July, we successfully secured re-certification of our ISO 27001 status from the British Standards Institute.

### **7.5: Financial reporting**

The Finance team has substantially recast the format in which quarterly financial reports are presented to the Leadership Team, Finance Committee and Board of Trustees, enabling more information to be surfaced in detail and in a more accessible manner.

This approach contributes to improved financial management, strategic decision making and enhances stewardship of the Trust's financial assets.

### **7.6: Web development**

As part of the new QualityWatch programme with the Health Foundation, the digital team has integrated the QualityWatch content within the Nuffield trust website. The platform for the standalone site would soon have become obsolete. Although migrating and integrating the content was a significant task, it has made the programme more accessible to visitors, with increased traffic to the site. The popular NHS reform timeline has also been updated and integrated into the website.

## 7.7: Communications training

All staff have taken part in communications training covering contacts with journalists; writing for publication and preparing evidence for parliamentary committees and inquiries. This general training is supplemented by externally provided media training for our spokespeople.

## 7.8: Staff survey

A full staff survey was conducted in November 2018. The survey was run independently by Campbell Tickell and included many of the questions from the 2016 exercise so that comparisons could be made and progress measured. Participation levels were high, at 85%, and pleasing progress was apparent in terms of staff feeling well supported and managed, having meaningful appraisals, and being willing to recommend the Trust as a good place to work. The Employee Forum, set up in response to the 2016 survey, met quarterly throughout the year, and discussed topics including pay and progression, the staff survey, staff wellbeing and flexible working.

# 8. Assessing impact

Our mission is to provide evidence for better health care, and the public benefit of our work is central to our role as an independent charity. We aim to produce and disseminate evidence that will:

- provide the wider public with objective, authoritative information and analysis
- influence the thinking of decision makers at national and local level
- help change policy and practice for the better.

We have outlined in each section of this report our work across the year, how it has been taken up and how it has influenced stakeholders' thinking within health and social care. We have scrutinised our work against the tests of profile, influence and impact. Our influence can be judged by the extent to which external organisations seek and respond positively to our reports and other outputs. Obtaining concrete policy or practice change is the 'gold standard' for impact, but occurs less frequently – and may take many years to happen.

## 8.1 Influencing thinking

Our external profile has grown this year, as the next section shows. Our influence has also increased, judging by the number of calls to give evidence or to provide oral briefings and presentations.

Some of our reports have been cited in Parliament, such as *Closing the Gap*, which has influenced thinking within national bodies and has been widely picked up at local level. These and other reports have also been presented at national conferences, helping NHS managers and clinicians to develop better policy and practice. For example, our work on acute medicine has been presented at many events in this country. Dr Louella Vaughan and Nigel Edwards have also been invited on several occasions to visit small hospitals across the UK to talk about the challenges in staffing acute medical services and how to address them.

Our established reputation for thought leadership or analytical expertise has led to invitations to serve on national advisory groups and development programmes. Examples include membership of advisory boards to reform the delivery of primary care, and to advise on workforce strategy.

## 8.2 Changing policy or practice

Our work on the impact of rurality on the costs of providing health care achieved some immediate impact. In light of our findings, NHS England and the Department of Health and Social Care have asked the Advisory Committee on Resource Allocation to investigate the current rurality allocation arrangements further.

Our work on both smaller acute hospitals and rural health costs led NHS England to partner with us to run a seminar on assuring the sustainability of smaller units. We hope to see concrete follow-up over the next 18 months.

Our work in the field of evaluation is being widely cited. For example, NHS England cited Eilís Keeble's work on evaluating vanguards as required reading for organisations seeking to win evaluation tenders.

Nigel Edwards's intervention at the Health Select Committee in April, where he warned that new legislative proposals could threaten patient choice, led to a senior NHS England director publicly reaffirming that a patient's right to choose their provider remains fundamental and must continue to be offered by integrated care systems.

### 8.3 Commissions of work

Underlying all three categories of impact is the quality of our work and depth of knowledge and expertise shown by our staff. One test of this is the commissions given to the Trust by external organisations, where our well-established reputation in the field of complex evaluations has resulted in several exciting new projects, such as Helpforce's volunteer programme.

### 8.4 Advisory work

It is a reflection of our strong reputation that a substantial number of Nuffield Trust staff are involved in advisory work. Examples this year include Dr Liz Fisher giving advice to the UK Statistics Authority on statistical coherence; Theo Georghiou advising on the implementation of a machine learning algorithm for Imperial College Health Partners; and Dr Sarah Scobie contributing to the NHSE/I patient safety strategy and to National Information Board workshops on data strategy for the Long Term Plan. Dr Louella Vaughan is a member of the Funding Board of the National Institute for Health Research and Natasha Curry serves on the steering committee for a hospital at home randomised control trial being run by the University of Oxford.

Nigel Edwards is the UK correspondent for the European Observatory on Health Systems and Policies and an adviser to WHO on developing health systems in Kyrgyzstan, Ukraine, Azerbaijan and Iraq and undertook advisory work in Catalonia this year.

Senior Fellow Billy Palmer presented on rural health costs to the OECD and the European Commission.

### 8.5 The Nuffield year in numbers

Communicating our work effectively is an essential precursor to achieving impact. This year we published 23 full reports and briefings. We produced 93 blogs and explainers to complement the reports as well as charts, infographics and social media use to extend their reach.

Our website had 498,494 visitors. A look at the publications that website visitors have chosen to view reveals a mix of new work published this year and some earlier reports. The QualityWatch report focusing on people with mental ill health and hospital use came out on top, with the highest number of page views, followed by our report *Closing the gap on the health care workforce*. Five years on, our report on the 2014 Francis Inquiry was the fifth most popular report this year in terms of page views.

We now have 49,600 followers on Twitter, an increase of 19% during the year. We use Twitter threads to condense key messages from our publications and these have proved an effective way to highlight important research messages to our followers who have little time to read much longer reports. Our followers increasingly extend our reach by recommending our content to others.

All Nuffield Trust staff are encouraged to tweet and retweet from their own accounts. Some of our senior staff – notably Nigel Edwards, John Appleby and Sally Gainsbury – have many thousands of personal followers, which greatly extends the reach of our work.

The Nuffield Trust's media profile is strong. Overall, we have had 9,823 print and online media mentions in 2018/2019, compared with 8,795 in 2017/2018. The months of February, May and August were particularly strong. In February following our annual Summit and Simon Stevens's announcement on vaccinations; in May as a result of our work with the BBC on the 'crisis' in general practice, and in August as a result of Sally Gainsbury's analysis of the £1.8billion 'new' NHS capital funding.

We have continued to actively engage and meet with MPs and Lords from across the political spectrum on issues ranging from the impact of Brexit on the NHS to rural health care. Our briefings have continued to have significant impact in Parliament with Lords and MPs alike. In the last year, we had 40 mentions in UK Parliament and three mentions in the Scottish Parliament. We have contributed to six select committee inquiries, which has resulted in oral evidence being given at all of them, and we have sent out five briefings to UK MPs and Lords on issues ranging from Brexit to social care.

External conference presentations, workshops and seminars are an important way for us to extend the reach and impact of our work. This year, Nuffield Trust staff have spoken at more than 70 events covering the whole range of our work. Topics this year have included workforce issues, NHS finances and funding, Brexit, acute medicine in smaller hospitals, integrated care, the English, Japanese and German social care system, estates, continuity of care in primary care, the gender pay gap in the NHS, and winter pressures. The British Medical Association, NHS England, Royal College of Physicians, British Geriatrics Society, Age UK, Association of British Healthcare Industries, Healthcare Financial Management Association, NHS Providers, NHS Confederation and universities are some of the organisations seeking our insights.

In terms of our own externally facing events, we held 10 seminars and conferences.

These included our eleventh Summit; an inaugural conference on rapid evaluation; workshops on primary care networks, integrated care, small and rural hospitals; and a joint conference with the Nuffield Foundation and Nuffield College on UK social policy.

Nigel Edwards has undertaken 30 local, national and international speaking engagements on topics ranging from integrated care through to acute medicine and health system transformation.

Nuffield Trust staff contribute to a wide range of external, peer-reviewed journals. This year, more than 20 current and recent staff have published across 20 major journals. These have included the BMJ, Lancet Child and Adolescent Health, Journal of Long-Term Care, British Journal of General Practice, Age and Aging, the HSJ and the International Journal of Population Data Science.

## 9. A forward look to our new corporate strategy

As we embark on our strategy for 2020 to 2025, health and care services and public services in the UK are under enormous pressure from changes within health care; local and global shortages of workforce; and other external factors such as public sector austerity and the uncertainty caused by the UK's exit from the European Union.

In addition, the type of work we do is challenged by increasing scepticism and a reaction against facts, evidence and research.

In this context, the Nuffield Trust has a tremendous opportunity. Standing independent both of the NHS and of politics, funded largely by its own endowment, and small enough to respond quickly to the volatile political and policy environment, we can produce incisive commentary and research with three main aims:

- To influence policy and practice by generating and synthesising information on health and social care that can facilitate both better policy and better practice
- To challenge and support those involved in planning and delivering health care to think more creatively and innovatively about how to adapt and redesign services to meet changing patient needs

- To provide information on the evidence, statistics, facts and research that politicians and policy makers use in their interventions in the health and care system in the UK.

We have identified six specific measures of success to test our achievements. By 2025, we will:

- Be the recognised source of intelligence for policy makers and the wider public on the impact of key aspects of politics, reform and funding on the health and care sector over the short and the long term
- Be the recognised source for analysis based on an understanding of the history of the NHS which informs future decision-making by policy makers and those planning and delivering health and care
- Have developed new partnerships with organisations that enable us to work across inter-disciplinary boundaries, and to improve the evidence base on the interactions between health and other public policy sectors
- Have extended our reach through building strong organisational and individual relationships with networks of leaders in different disciplines in health and care across all regions of the UK
- Have strengthened the connections between Nuffield Trust staff and individuals and organisations representing patients and service users
- Be able to demonstrate the further impact we have had on policy and practice in the design and delivery of health care in the UK.

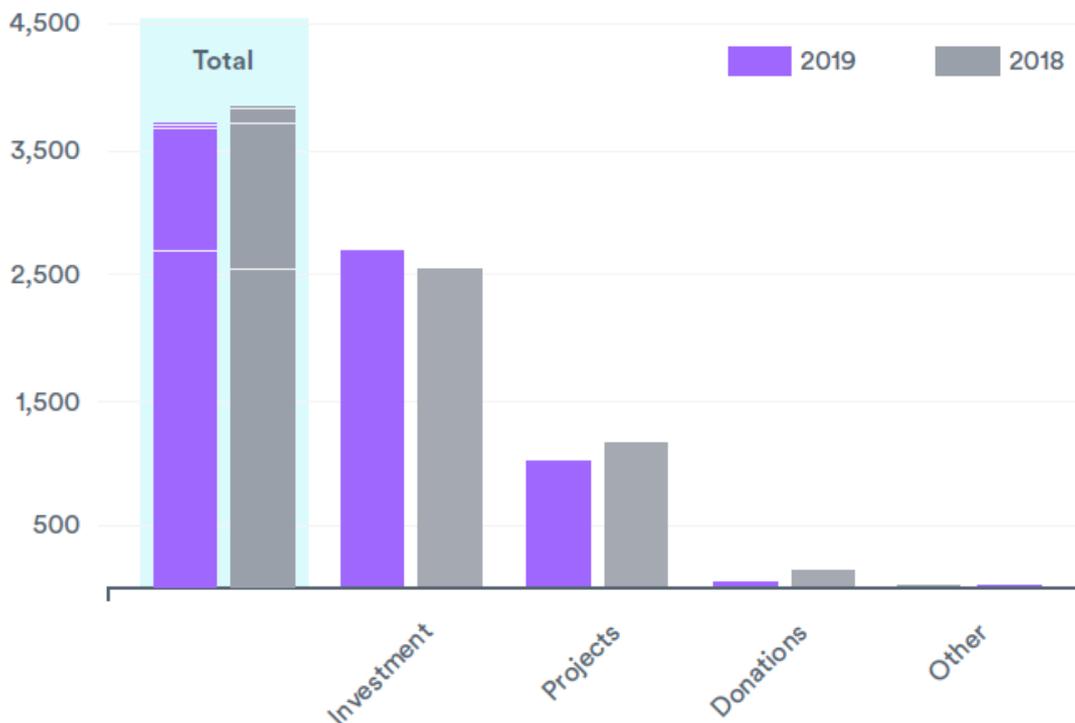
# Financial review

## Review of income and expenditure for the year ended 30 September 2019

The financial statements for the year to 30 September 2019 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.

### Income

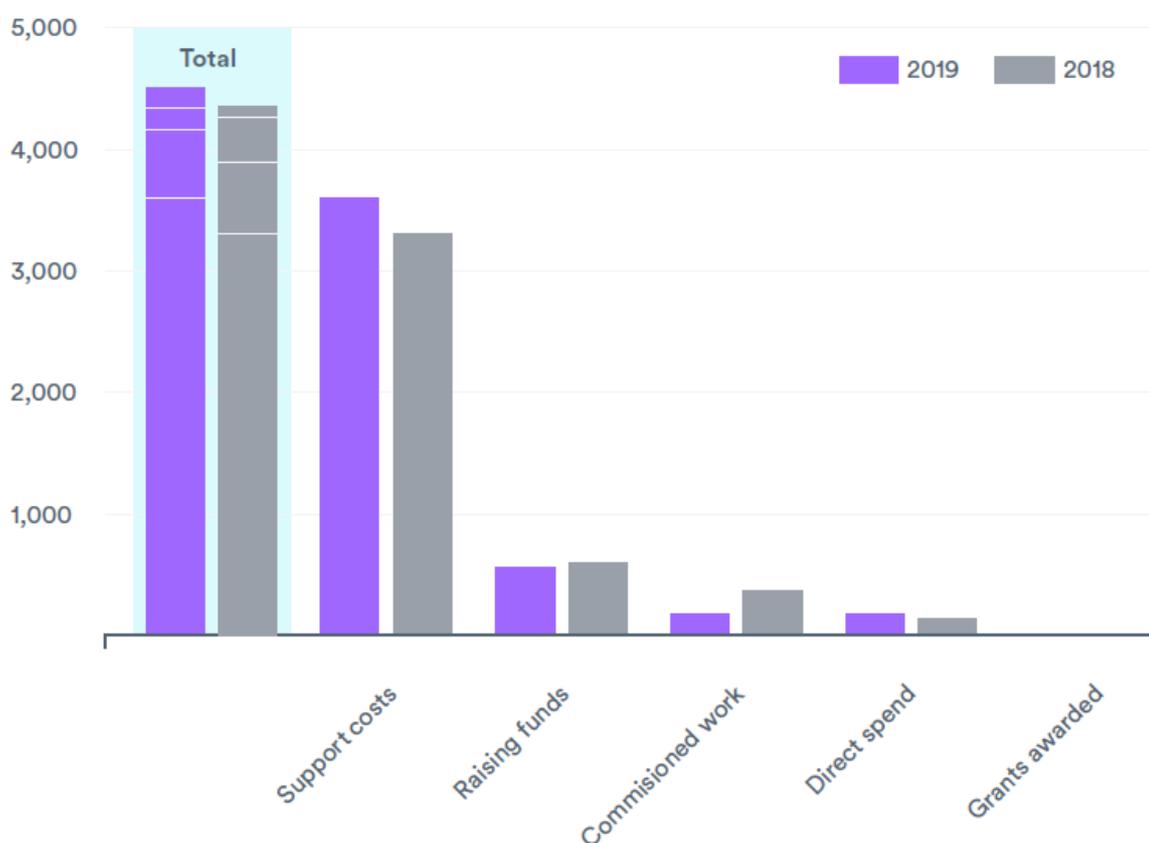


Total income for the year amounted to £3,720,000 (2018 - £3,852,000), of which £994,000 (2018 - £1,160,000) was generated from charitable activities and £2,726,000 (2018 - £2,692,000) was derived from other sources, namely investments, donations and other trading activities.

Income from charitable activities decreased by £166,000 between 2018 and 2019 due to a reduction in purely funded work, with more projects being either internally funded or delivered with a joint funding approach between the Trust and other partnering organisations. Work on projects may span more than one year and income and expenditure are recognised taking into account an assessment of proportion of work completed at the year-end.

Income from other sources increased by £34,000 between 2018 and 2019 due to a £133,000 increase in investment income and a decrease of £99,000 in donations.

## Expenditure



Total expenditure for the Trust for the year was £4,516,000 (2018 - £4,331,000), of which £3,967,000 (2018 - £3,810,000) 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 £157,000 between 2018 and 2019 due to the net effect of a decrease in expenditure on commissioned work and a planned increase in support costs, in particular staff costs which includes the contribution of seconded staff. This increase in staff costs has enabled increased capacity for the delivery of charitable activities, contributing to increased impact.

Expenditure on raising funds decreased by £34,000 between 2018 and 2019 due to investment management fees decreasing by £29,000, reflecting the impact of VAT savings on the management fee in relation to a proportion of our managed funds, and the staff costs allocated to generating funds decreasing by £5,000.

Net gains on investments for the year were £4,463,000 (2018 - £4,220,000). Further details on investment performance are below. The net income for the year was £3,667,000 (2018 - £3,741,000).

The Trust has developed a new five-year strategy, covering the period 2020-2025, in which it lays out the plans for future periods. This five-year strategy lays out the Trust's core objectives in pursuit of achieving the charitable purpose of the organisation:

- To influence policy and practice through generating and synthesising information on health and social care to facilitate both better policy and better practice
- To challenge and support those involved in planning and delivering health care to think more creatively and innovatively about how to adapt and redesign services to meet changing patient needs
- To provide information on the evidence, statistics, facts and research which politicians and policy makers use in their interventions in the health and care system in the UK.

Further information can be found regarding the Trust's approach to delivering the strategy and the specific measures of success on our website at [www.nuffieldtrust.org.uk/about](http://www.nuffieldtrust.org.uk/about).

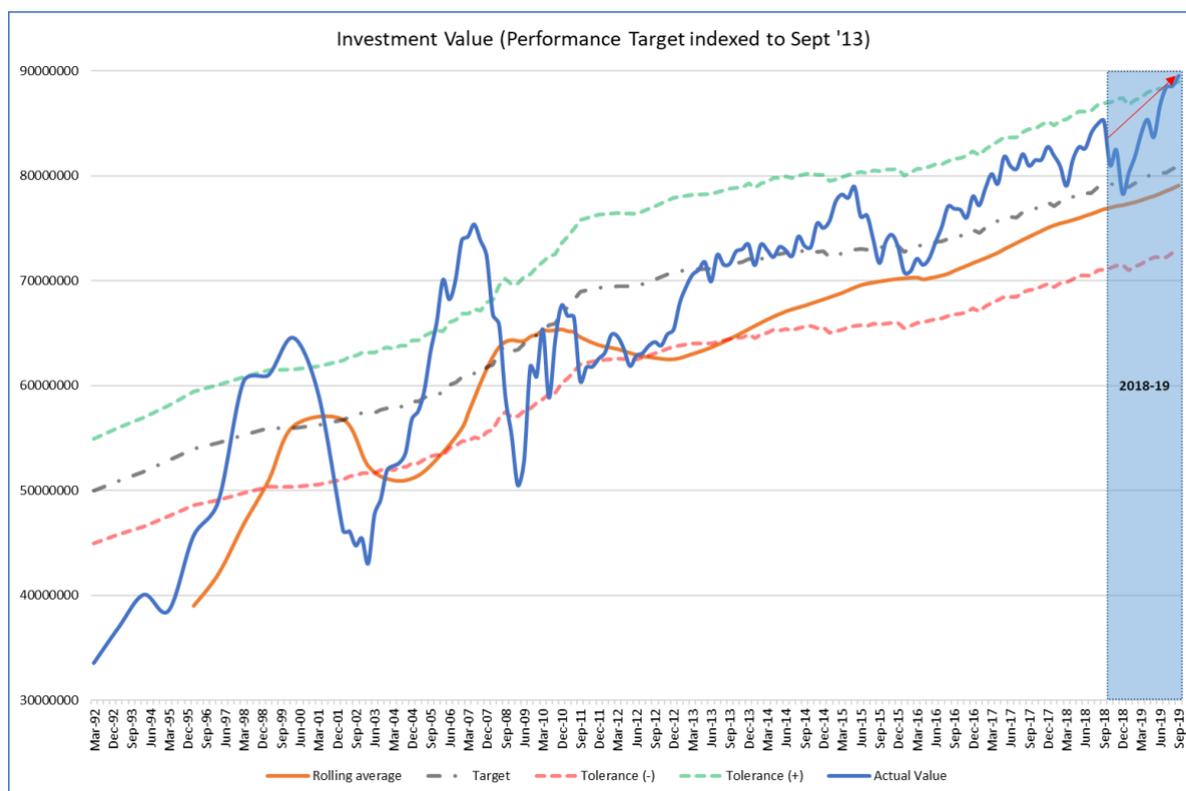
## Net assets at 30 September 2019

The Trust's consolidated net assets at 30 September 2019 were £93,117,000 (2018 - £89,450,000). This represents an increase of £3,667,000 (4.1%) compared with the net assets at 30 September 2018, which was caused by growth in the value of investment funds.

## Investment performance

The long-term investment objective for the combined portfolio is to achieve a total return, net of fees, of CPI +4.5% per annum; designed to enable a drawdown of funds to support expenditure on charitable activities. Over shorter time periods, performance is measured against a bespoke benchmark based on the underlying strategic asset allocation.

The overall return (before fees) on the total investment portfolio was £7,138,000 for 2019 (2018 - £6,762,000). The portfolio of investments had a total value at 30 September 2019 of £89,571,000 (2018 - £85,279,000).

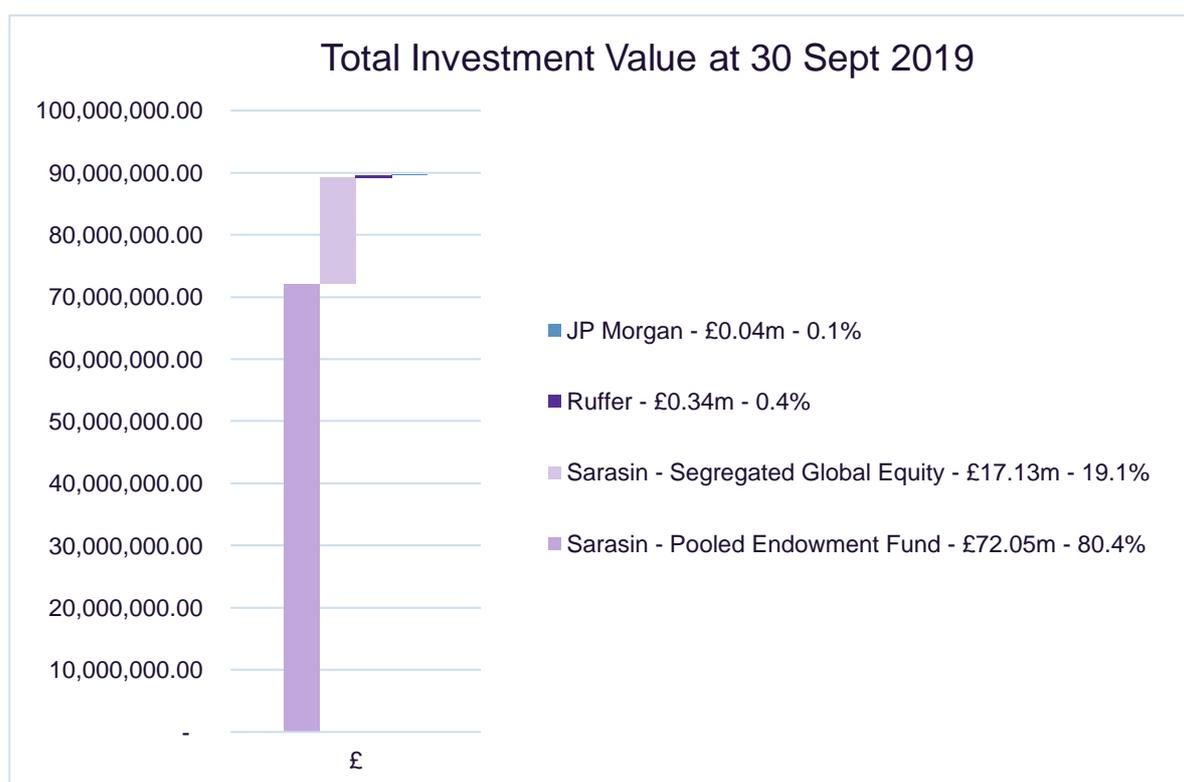


Long-term analysis of available data above (March 1992 to September 2019) shows that the total value of the investment portfolio, after taking into account withdrawals to support charitable purpose and investment management fees, has risen ahead of inflation, as

measured by the consumer prices index, and ahead of the Trust’s agreed investment performance targets, currently set as CPI+0.5%. The chart above presents the value of our investments in absolute monetary terms, which would capture the impact of periods where the total amount drawn from investment funds differed from the 4% drawdown model – for example during periods of reduced activity or the reinvestment of surplus funds.

For the 12 months from 30 September 2019, the total value of the investment portfolio has risen 3.2% (2018 - 2.9%) ahead of inflation, as measured by the consumer prices index, or 2.7% (2018 - 2.4%) 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, with a small amount of funds invested in a JP Morgan Property Fund which is in the process of liquidation.



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 Endowments fund (formerly, 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 (further details on ethical restrictions can be found within Financial Strategy and Reserves). The individual income yields on the Endowments fund and Global Equity Dividend portfolios were 3.1% and 2.8%, respectively, and the combined weighted yield across the aggregated portfolios was 3.1% at 30 September 2019 (2018 – 3.1%).

Following the 2017 investment review and movement of all available funds to management under Sarasin and Partners, Ruffer LLP continue to hold £344,000 (2018 - £678,000) in closed-end assets which will liquidate in accordance with their predetermined end dates. During the year, Ruffer have informed us that they anticipate these funds will be liquidated by April 2021. As redemptions are received the funds will be utilised in accordance with the Trust's policy on reserves or invested with Sarasin and Partners. These funds held by Ruffer LLP continue to maintain all investment restrictions as described below.

The Trust also holds investment in JP Morgan Asset Management's European Property Fund, another closed and illiquid asset in the process of liquidation. These funds are held separately from the assets managed by Sarasin and Ruffer. At 30 September 2019, the fair value placed on this investment, after taking account of redemptions of £56,000 (2018 - £695,000) received in the year, including cash held against currency hedge, was £45,000 (2018 - £106,000).

## 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 the 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 2019 were £93,117,000. As set out in note 20 to the accounts, £92,969,000 of this represents the expendable endowment with the balance of £148,000 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 Trust's policy on 'free reserves' has been reviewed during the financial year and been linked to a risk-based modelling approach, assessing the impact and timing of key operational risks (as described below) and ensuring the level of reserves are sufficient to mitigate against likely events. 'Free reserves' exclude both funds which can only be realised by disposing of tangible assets, and are distinct from funds assigned for other purposes, which, in accordance with Charity Commission guidance, would also exclude the value of endowment funds. 'Free reserves' have been agreed at a target level of £1,750,000, reviewable annually, but allowing a +/- 25% variance from this target before a recovery plan is required. Current 'free reserves' are £1,639,000 and are within the target band. The Trustees consider reserves to be at an appropriate level as these funds are sufficient to meet the foreseeable future activities and income fluctuations.

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. Having reviewed the stance on Environmental, Social and Governance (ESG) issues, the Trust has recently extended the breadth of its investment restrictions, previously only restricting to direct investment in tobacco, the restrictions now also include armaments, gambling, alcohol and adult entertainment. In addition, Trustees are committed to reviewing the Trust's ethical investment restrictions at least annually.



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 (based on historical performance). 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 investment 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 00382452. 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 twelve. 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. During the financial year, the Trust also commissions an external training workshop for Trustees to further develop their knowledge and understanding of the complex environment of governance and responsibility.

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 Leadership 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 directors; 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 the short- and long-term viability of the Trust.

The membership of these committees is shown on page 4.

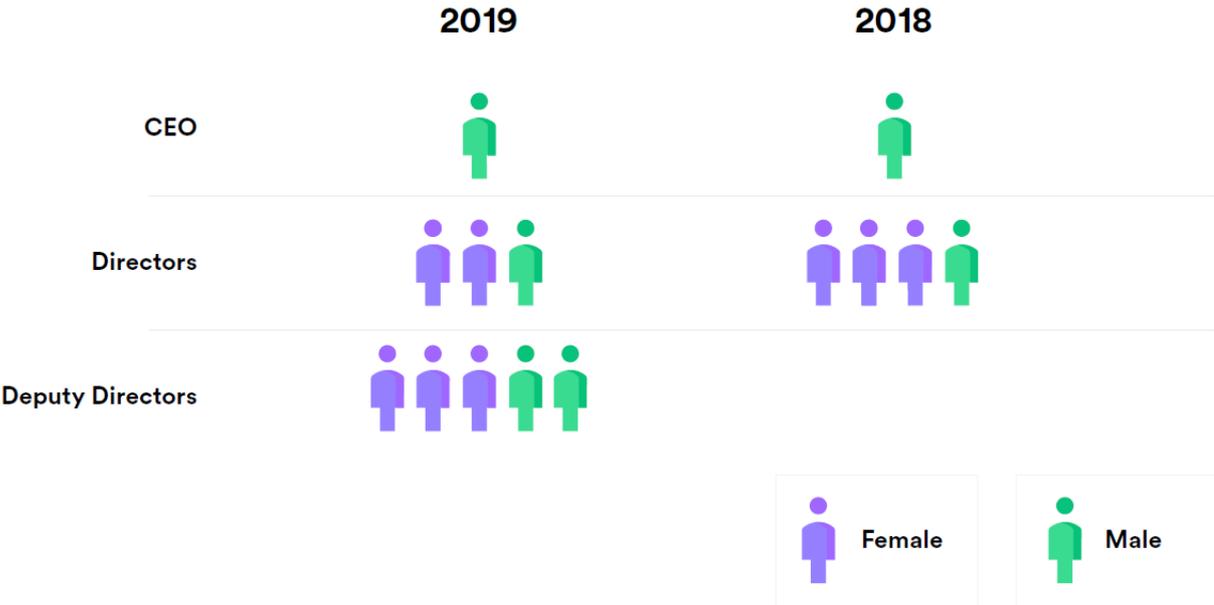
# Organisational structure and how decisions are made

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 Leadership 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 June 2019 and the next review is scheduled to be completed by the spring of 2021.

Directors work 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 Key Management Personnel and those who served during the year can be found on page 4.

Although the directors retain ultimate management responsibility, during the year, responsibility for decision-making was extended to include the departmental deputy directors; extending the Trust’s Leadership Team compared to previous years.

The Leadership Team structure for decision-making is illustrated below:



## Our funding

The Nuffield Trust has an expendable endowment worth £92,969,000 at 30 September 2019. This endowment provides the Trust with a valuable source of income (£2,675,000 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 and independence 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. A complete review of the approach to risk management was undertaken during the year.

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 Leadership 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.

Management response		
Risk	Management approach/plan	Monitoring process
The Trust is successfully targeted in a cyber-attack	<ul style="list-style-type: none"> <li>• Application of IT Security strategy across the Trust</li> <li>• Staff training and awareness programme</li> <li>• Technological controls</li> <li>• Business continuity plans</li> </ul>	<ul style="list-style-type: none"> <li>• External assessments - ISO and Penetration Testing</li> <li>• Real time threat reporting</li> </ul>
Levels of funding at the Trust are insufficient to support charitable activities	<ul style="list-style-type: none"> <li>• Continual development and review of external funding opportunities</li> <li>• Defined objectives and restrictions set for investment managers</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of potential funding opportunities and bids in the pipeline</li> <li>• Regular review of investment manager performance</li> </ul>
The Trust's independence is challenged	<ul style="list-style-type: none"> <li>• Ensure suitable editorial control arrangements</li> <li>• Ensure suitable funding proportions (internal/ external funding) and that the sources of funding would not jeopardise independence, whether perceived or actual</li> </ul>	<ul style="list-style-type: none"> <li>• Review of editorial control and IPR commitments at contractual stage, ensuring fit for purpose</li> <li>• Regular review of funding sources</li> </ul>
There is a failing in Information Governance (IG) controls at the Trust	<ul style="list-style-type: none"> <li>• Maintain our ISO 27001 accreditation, continually improve our approach to IG, and ensure access to relevant training</li> <li>• Proactive approach to cyber security</li> </ul>	<ul style="list-style-type: none"> <li>• Internal and external audits of IG arrangements</li> <li>• Annual renewal of ISO/the NHS IG toolkit</li> <li>• Annual network security assessments</li> </ul>

In addition to the above risks, other risks in respect of reputation, dissemination, staff retention and HR planning, project management and delays to data access are also captured and actively managed.

During the year, the reviewed risk assessment has resulted in a number of risks having a reduction in the residual risk level, demonstrating that the management controls have been effective in improving either the likelihood or impact of the underlying risk.

The risks surrounding data protection, cyber security and information governance are a key focus at the Trust. Given the prominence of these risks in the NHS and across the UK in general, particularly in reference to the enforcement of the General Data Protection Regulation (GDPR), 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 Protection Officer
- cyber security training, both general awareness and technical
- Renewed certification of ISO27001 accreditation
- enhanced network security.

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
- review and improvement by the risk owner. Continual improvement is a core theme throughout the Trust's risk management approach.

## Remuneration policy

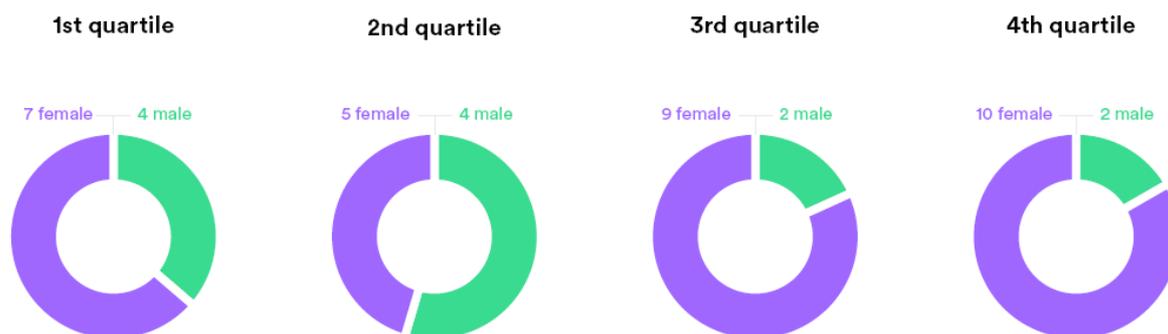
The Trust aims to provide all staff with remuneration packages that are competitive, fair, equitable and sustainable within the available resources of the Trust. The pay and remuneration for directors is approved by the Governance, Nominations and Remuneration Committee. The pay and remuneration for 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.

During the previous year, a benchmarking exercise was undertaken to ensure that we were keeping pace with the employment market. The result was to define a clear job banding approach, approved by the Trustees, which gives clarity to our staff on matters concerning pay and progression. This approach has been fully implemented and is being used, resulting in improved consistency in both recruitment and identifying and measuring development within our existing staff team.

Organisations which employ more than 250 people are required to publish figures comparing men and women's pay. During 2018/19 the Trust had less than 50 individuals on the payroll, and is not therefore under a legal obligation to publish gender pay gap information.

In addition, given the small numbers of staff the figure can fluctuate significantly with small changes in personnel. However, Trustees have agreed that this is information which they wish to keep under review.

The graphic below shows the gender balance of the Trust workforce by pay quartile (1<sup>st</sup> = highest paid).



Overall the workforce is predominantly female. While women are generally well represented at senior levels, there are very few male staff in the 3rd and 4th quartile. During 2020 the Trust will be reviewing data on the gender, race and other protected characteristics of individuals and how all people are recruited, managed, developed and rewarded and making changes to ensure that our approach and processes are appropriately inclusive.

## 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 Leadership 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.

## Organisational effectiveness

Following on from previous work in this area, a staff survey was held during 2018/19 which evidenced that significant improvement had been made since the 2016/17 survey. The key areas where notable improvements were seen are around leadership's ability to listen and review to staff views, access to learning and development opportunities and the understanding of the Trust's approach to pay and progression. This resulted in the proportion of staff considering leaving the Trust within 12 months of being asked being halved, demonstrating an extremely effective programme of work in response to the original findings in 2016/17. In addition, a number of other opportunities for improvement were identified with action being taken during 2018/19 year, including:

- 1 Extending the leadership of the organisation beyond just the Directors, to include Deputy Directors in the decision-making process. This has resulted in a Leadership Team replacing the previous Senior Management Team approach
- 2 Strengthening communications from meetings of the Trustees and the Leadership Team to all staff
- 3 A number of senior staff being supported to develop their skills through taking a lead role in developing work programmes spanning a number of projects
- 4 Combining the Policy and Research teams, with a focus on methods and promoting mixed-method approaches to maximise the contribution of skills to projects
- 5 Continuing to improve the appraisal process and the learning and development plan which arises from that
- 6 During 2019 the Trust refreshed its five-year strategy, with the engagement of all staff. As part of this process, the Terms of Reference and attendance for key decision-making meetings within the organisation were reviewed to ensure consistency and completeness; and to ensure that staff across the organisation understand where decisions are made. Significant progress has been made on improving the transparency of all decisions made at the Trust, restricting information only where confidentiality or sensitivity is necessary.

The Trust promotes employee wellness to aid good mental and physical health in the workplace and to help reduce absenteeism and workplace-related illnesses and improve organisational effectiveness.

Several initiatives are in place:

- 7 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
- 8 Staff benefits include a strong culture of flexible working, flu vaccinations, regular staff lunches and other well-being initiatives and secure onsite bicycle parking
- 9 Further health and wellbeing activities are arranged on an ad hoc basis under the auspices of the Employee Forum
- 10 The Trust also supports staff undertaking activities in relation to charitable fund-raising.

Trustees receive a report at governance meetings of days lost due to staff sickness. During 2018-19, the proportion of working time lost to sickness was 2.1% (2017-18 – 3.2%). This year-on-year reduction provides some comfort that the well-being initiatives are having a positive effect on the Trust's staff's health.

## 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 22 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

Chair, The Nuffield Trust

Date: 5/12/19



# 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 2019, which comprise the consolidated statement of financial activities, the consolidated and charity 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 2019 and of the Group's income and expenditure and the Parent Charitable Company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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' Report, which includes the Trustees' 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 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 misstatements in the Trustee's 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

## Responsibilities of Trustees

As explained more fully in the Responsibilities of the Trustees statement, 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.

## 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.

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ('FRC's') website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

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.

*BDO LLP*

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

Date: *10 December 2019*

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 2019

	Note	Unrestricted funds 2019 £'000	Expendable endowment fund 2019 £'000	Total funds 2019 £'000	Total funds 2018 £'000
<b>Income and endowments</b>					
Donations	4	45	-	45	144
Investment income	5	-	2,675	2,675	2,542
Charitable activities	6	994	-	994	1,160
Other		6	-	6	6
<b>Total income and endowments</b>		<b>1,045</b>	<b>2,675</b>	<b>3,720</b>	<b>3,852</b>
<b>Expenditure</b>					
Raising funds	7	-	549	549	583
Charitable activities	8	3,967	-	3,967	3,810
<b>Total expenditure before historic pension costs</b>		<b>3,967</b>	<b>549</b>	<b>4,516</b>	<b>4,393</b>
Historic pension costs	23	-	-	-	(62)
<b>Total expenditure</b>		<b>3,967</b>	<b>549</b>	<b>4,516</b>	<b>4,331</b>
Realised and unrealised gains on investment assets	13	-	4,463	4,463	4,220
<b>Net (expenditure)/income before transfers</b>		<b>(2,922)</b>	<b>6,589</b>	<b>3,667</b>	<b>3,741</b>
Transfers	11	2,893	(2,893)	-	-
<b>Net (expenditure)/income and net movement in funds</b>		<b>(30)</b>	<b>3,697</b>	<b>3,667</b>	<b>3,741</b>
Reconciliation of funds – balances brought forward		177	89,273	89,450	85,709
<b>Balances carried forward</b>		<b>148</b>	<b>92,969</b>	<b>93,117</b>	<b>89,450</b>

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 63 to 86 form part of these financial statements.

## Consolidated and charity (Company Number: 00382452) balance sheet at 30 September 2019

	Note	Consolidated 2019 £'000	Consolidated 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Fixed assets</b>					
<b>Tangible assets</b>	12	1,823	1,792	1,823	1,792
<b>Investments</b>	13	89,571	85,279	89,571	85,279
		<b>91,394</b>	<b>87,071</b>	<b>91,394</b>	<b>87,071</b>
<b>Current assets</b>					
<b>Debtors</b>	14	653	451	704	529
<b>Short term deposits</b>	15	1,639	2,408	1,639	2,408
<b>Cash at bank and in hand</b>		102	119	51	41
		<b>2,394</b>	<b>2,978</b>	<b>2,394</b>	<b>2,978</b>
<b>Creditors: amounts falling due within 1 year</b>	16	(572)	(516)	(572)	(516)
<b>Net current assets</b>		<b>1,822</b>	<b>2,462</b>	<b>1,822</b>	<b>2,462</b>
<b>Creditors: amounts falling due after 1 year</b>	17	(99)	(83)	(99)	(83)
<b>Net assets</b>		<b>93,117</b>	<b>89,450</b>	<b>93,117</b>	<b>89,450</b>
<b>Funds</b>					
Expendable endowment fund	20	92,969	89,273	<b>92,969</b>	<b>89,273</b>
Designated fund	20	148	177	148	177
<b>Total funds</b>		<b>93,117</b>	<b>89,450</b>	<b>93,117</b>	<b>89,450</b>

The surplus attributable to the Charity for the year ended 30 September 2019 was £3,667,000 (2018 - £3,741,000).

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 5 December 2019.



Andrew McKeon  
Chair, The Nuffield Trust.

The notes on pages 63 to 86 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 30 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Cash used in operating activities	24		(3,542)		(3,293)
<b>Cash flows from investing activities</b>					
Dividends and interest from investments		2,675		2,542	
Purchase of tangible fixed assets		(91)		-	
Proceeds from sale of investments		6,845		3,428	
Purchase of investments		(6,673)		(3,655)	
<b>Cash generated by investing activities</b>			2,756		2,315
<b>Decrease in cash and cash equivalents</b>			(786)		(978)
<b>Cash and cash equivalents at the beginning of the year</b>			2,527		3,505
<b>Cash and cash equivalents at the end of the year</b>			<b>1,741</b>		<b>2,527</b>
<b>Analysis of cash and cash equivalents</b>					
Short term deposits	15		1,639		2,408
Cash at bank and in hand			102		119
<b>Total funds</b>			<b>1,741</b>		<b>2,527</b>

# 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 of Ireland (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.

In the course of preparing the financial statements, no judgements have been made in the process of applying the Charity's accounting policies, other than those involving estimations regarding the income attributable to the partial delivery of funded projects that have had a significant effect on the amounts recognised in the financial statements.

### *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 2019. The trading results of the subsidiary undertaking as shown in note 22 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 income is 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 the income 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.

### *Expenditure*

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, and 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 64 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 the Statement of Financial Activities.

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 06898100. 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**

	2019	2018
	£'000	£'000
Donation income – for seconded staff (see note 9)	45	144

## 5. Investment income

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

	2019 £'000	2018 £'000
Investment portfolio	2,671	2,537
Bank interest	4	5
	<b>2,675</b>	<b>2,542</b>

All the investment income of £2,675,000 in 2019 was related to the expendable endowment fund (2018 - £2,542,000).

## 6. Charitable activities

	2019 £'000	2018 £'000
Income from projects	994	1,160

All the income from charitable activities of £994,000 in 2019 was related to unrestricted funds (2018 - £1,160,000).

## 7. Raising funds

	2019 £'000	2018 £'000
Investment management fees charged	367	396
Support costs (note 9)	182	187
	<b>549</b>	<b>583</b>

All the expenditure from raising funds of £549,000 in 2019 was related to the expendable endowment fund (2018 - £583,000).

## 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:

	2019 £'000	2018 £'000
Commissioned work	164	350
Direct spend	163	148
Support costs (as shown in note 9)	3,640	3,312
	<b>3,967</b>	<b>3,810</b>

All the charitable expenditure of £3,967,000 in 2019 was related to unrestricted funds (2018 - £3,810,000).

## 9. Allocation of support costs

Support costs allocated to different activities are set out below, showing the basis of the allocation.

	Generating funds 2019 £'000	Charitable activities 2019 £'000	Total allocate 2019 £'000	Total 2018 £'000
Staff time (nature of the charge)	141	2,839	2,980	2,615
Notional cost of seconded staff (nature of the charge)	-	45	45	144
Premises costs (use of area)	13	241	254	221
IT and telephone costs (staff time)	10	180	190	196
Travel and hospitality (staff time)	1	11	12	9
Professional fees (staff time)	3	46	49	22
Communications and PR (staff time)	5	97	102	104
General costs including irrecoverable VAT (staff time)	9	157	166	149
Governance fees (nature of the charge)	-	24	24	39
	<b>182</b>	<b>3,640</b>	<b>3,822</b>	<b>3,499</b>

Trustees' expenses included in general costs above amount to £nil (2018 - £nil).

Governance fees include audit fees of £19,600 (2018 - £16,560) and for the charity only £19,600 (2018 - £16,560).

## Secondments and placements

The Trust has benefitted throughout the year from three secondments. The Trust gratefully acknowledges the support and has estimated that the value is £45,000 (2018 - 3 people, £144,000).

## 10. Staff emoluments

	2019 £'000	2018 £'000
Salaries costs	2,146	1,924
Social security costs	234	218
Pension costs	261	248
Other staff costs	347	332
	<b>2,988</b>	<b>2,722</b>

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 2019 and 2018; for senior staff during the year it totalled £651,000 (2018 - £697,000). The decrease in senior staff costs is principally due to a restructure during the year, resulting in fewer individuals meeting the key management personnel definition throughout the year.

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

	2019 £'000	2018 £'000
Project staff costs, allocated as direct project	8	107
Allocated as support costs	2,980	2,615
	<b>2,988</b>	<b>2,722</b>

The average number of employees employed by the group during the year was, by headcount 42 (2018 – 39), by full time equivalent 38 (2018 - 35). All were employed by the charity.

### Higher paid employees – Group and Charity

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

	2019 £'000	2018 £'000
£60,000 to £70,000	4	3
£70,000 to £80,000	2	-
£80,000 to £90,000	2	1
£90,000 to £100,000	1	-
£100,000 to £110,000	-	3
£180,000 to £190,000	-	1
£190,000 to £200,000	1	-

Contributions were made to the Nuffield Trust Group Personal Pension Plan, which is a defined contribution scheme for 9 (2018 - 6) higher paid employees, to the NHS Pension Scheme, which is a defined benefit scheme for zero (2018 - 1) higher paid employee and to a private personal pension defined contribution scheme for zero (2018 - 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.

	2019 £'000	2018 £'000
Net expenditure for the year from unrestricted charitable activities	(2,922)	(2,438)
Designated funds expended in the year	29	40
<b>Transfer from expendable endowment to unrestricted funds</b>	<b>(2,893)</b>	<b>(2,398)</b>

## 12. Tangible fixed assets

*Consolidated and parent charity*

	Leasehold properties £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 October 2018	2,202	230	2,432
<b>Additions</b>	16	75	91
<b>Disposals</b>	-	(22)	(22)
<b>At 30 September 2019</b>	<b>2,218</b>	<b>283</b>	<b>2,501</b>
<b>Depreciation</b>			
At 1 October 2018	(412)	(228)	(640)
Provision during the year	(41)	(19)	(60)
Disposals	-	22	22
<b>At 30 September 2019</b>	<b>(453)</b>	<b>(225)</b>	<b>(678)</b>
<b>Net book value</b>			
<b>At 30 September 2019</b>	<b>1,765</b>	<b>58</b>	<b>1,823</b>
At 30 September 2018	1,790	2	1,792

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*

	2019 £'000	2018 £'000
Market value at 1 October 2018	84,279	80,180
Additions	6,673	3,655
Disposals	(5,716)	(3,113)
Unrealised gains	3,339	3,557
<b>Market value at 30 September 2019</b>	<b>88,575</b>	<b>84,279</b>
Short term deposits	996	1,000
<b>Total investments at 30 September 2019</b>	<b>89,571</b>	<b>85,279</b>
<b>Historical cost of assets held at 30 September 2019</b>	<b>66,606</b>	<b>65,602</b>
<i>The geographical split of investments is as follows:</i>		
UK	75,594	72,352
Overseas	13,977	12,927
	<b>89,571</b>	<b>85,279</b>

There were no assets representing more than 5% by market value of the total portfolio as at 30 September 2019. During the year, the overall pooled fund size grew due to new investment, resulting in Trust assets representing less than 5%:

	2019 £'000	2018 £'000
Sarasin Alpha CIF for Endowments	-	67,967

## Realised and unrealised gains on investments

	2019 £'000	2018 £'000
Unrealised gains	3,339	3,558
Realised gains	1,124	662
	<b>4,463</b>	<b>4,220</b>

## 14. Debtors

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Prepayments	81	70	81	70
Other debtors	572	381	572	381
Amounts owed by subsidiary company	-	-	51	78
	<b>653</b>	<b>451</b>	<b>704</b>	<b>529</b>

## 15. Short-term deposits

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Coutts Bank Deposit accounts	732	1,502	732	1,502
CCLA Term Deposit	100	100	100	100
Scottish Widows Bank Term Deposit	807	806	807	806
	<b>1,639</b>	<b>2,408</b>	<b>1,639</b>	<b>2,408</b>

## 16. Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Tax and social security	74	64	74	64
Commissioned work commitment	73	88	73	88
Accruals and other creditors	400	308	400	308
Leasehold obligation	25	56	25	56
	<b>572</b>	<b>516</b>	<b>572</b>	<b>516</b>

## 17. Creditors: amounts falling due after one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Leasehold obligations	99	83	99	83

## 18. Financial instruments

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

	Group 2019 £'000	Group 2018 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through the statement of financial activities	89,571	85,279
Financial assets that are debt instruments measured at amortised cost	2,394	2,978
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	671	599

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 2019 the fair value of these derivatives was negative £75,000 (2018 – negative £49,000).

## 19. Funds

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
<b>Expendable endowment</b>				
<b>Balance at 1 October 2018</b>	89,273	85,492	89,273	85,492
<b>Excess of expenditure over income from financial activities</b>	6,589	6,179	6,589	6,179
<b>Transfer (to) designated funds</b>	(2,893)	(2,398)	(2,893)	(2,398)
Balance as at 30 September 2019	<b>92,969</b>	<b>89,273</b>	<b>92,969</b>	<b>89,273</b>
<b>Designated fund</b>				
<b>Balance at 1 October 2018</b>	177	217	177	217
<b>Excess of expenditure over income from financial activities</b>	(2,922)	(2,438)	(2,922)	(2,438)
<b>Transfer from expendable endowment</b>	2,893	2,398	2,893	2,398
Balance as at 30 September 2019	<b>148</b>	<b>177</b>	<b>148</b>	<b>177</b>
<b>Total funds</b>				
<b>Balance at 1 October 2018</b>	89,450	85,709	89,450	85,709
<b>Excess of expenditure over income from financial activities</b>	3,667	3,741	3,667	3,741
Balance as at 30 September 2019	<b>93,117</b>	<b>89,450</b>	<b>93,117</b>	<b>89,450</b>

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.

## 20. Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net assets/ (liabilities) £'000	Total £'000
Expendable endowment fund	1,823	89,571	1,575	92,969
Designated fund	-	-	148	148
<b>Total funds</b>	<b>1,823</b>	<b>89,571</b>	<b>1,723</b>	<b>93,117</b>

## 21. Summarised results for the Trust

Of the group surplus for the year of £3,667,000 (2018 – surplus of £3,741,000), the income and expenditure relating to the Trust is as follows:

	2019 £'000	2018 £'000
Total income	3,720	3,852
Total expenditure	4,516	4,331
<b>Net expenditure before other gains</b>	<b>(796)</b>	<b>(479)</b>
Realised and unrealised gains on investment assets	4,463	4,220
<b>Net movement in funds</b>	<b>3,667</b>	<b>3,741</b>

## 22. Summarised results for subsidiary entity

Of the group surplus for the year of £3,667,000 (2018 – surplus of £3,741,000), the income and expenditure relating to the Charity’s wholly owned subsidiary entity, Nuffield Trading Limited, is as follows:

	2019 £'000	2018 £'000
Total income	43	84
Total expenditure	21	22
<b>Net income before other gains</b>	<b>22</b>	<b>62</b>
Qualifying distribution under deed of covenant to parent	22	62
<b>Retained funds</b>	-	-
Net movement in funds	-	-
<b>Net assets</b>	-	-

## 23. 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 and ceased being a member from 31 March 2019 due to having zero contributing member employees. Contributions were made during the year on behalf of 1 (2018 - 2) employees. Employee contribution rates vary from 5% to 14.5%, 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 former employees and the second arising as guarantor under an 'Approved Withdrawal Agreement' which the Trust entered into in October 2007.

During the 2018 financial year, the Trust settled the liability in respect of the Section 75 debt.

The 'Approved Withdrawal Agreement' has clearly defined 'trigger events', which, following legal advice, 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 26.

To ensure the Trust was meeting its obligations as a guarantor to the scheme, Counsel's opinion was sought on the matter. Counsel's opinion confirmed the legal advice which had already been received; that the liability was not yet due and that the USS were exceeding the bounds of the scheme rules in making such a demand.

## **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%. Forty two (2018 - 36) employees are members of the scheme.

The total pension charge for the period for all schemes was £261,000 (2018 - £248,000).

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

*Consolidated*

	2019 £'000	2018 £'000
Net Income	3,667	3,741
(Gains) on investments	(4,463)	(4,220)
Depreciation of tangible fixed assets	60	44
(Increase)/decrease in debtors	(202)	86
Increase/(decrease) in creditors	71	(402)
Investment income	(2,675)	(2,542)
<b>Cash used in operating activities</b>	<b>(3,542)</b>	<b>(3,293)</b>

## 25. Commitments under operating leases

Lessee - The charity had minimum lease payments under non-cancellable operating leases as set out below:

	2019 £'000	2018 £'000
<b>Not later than 1 year</b>	36	36
<b>Later than 1 year and not later than 5 years</b>	144	144
<b>Later than 5 years</b>	2,130	2,166
<b>Total</b>	<b>2,310</b>	<b>2,347</b>

## 26. Contingent liability

As detailed in note 23, the Trust has a liability as guarantor to the Universities Superannuation Scheme (USS) under the 'Approved Withdrawal Agreement' dated October 2007. Following legal advice, 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.

## 27. 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 06898100. In accordance with SORP (FRS102), the Trust's transactions with Nuffield Trading Limited are set out below.

	2019 £'000	2018 £'000
Sales	20	22
<b>Amounts due from Nuffield Trading Limited</b>	<b>51</b>	<b>78</b>

There were no other related party transactions during the year.

## 28. Comparative statements

### 28a. - Comparative analysis of net assets between funds (2018)

	Tangible fixed assets £'000	Investments £'000	Other net assets/ (liabilities) £'000	Total £'000
Expendable endowment fund	1,792	85,279	2,202	89,273
Designated fund	-	-	177	177
<b>Total funds</b>	<b>1,792</b>	<b>85,279</b>	<b>2,379</b>	<b>89,450</b>

## Comparative statements continued

### 28b. – Consolidated statement of financial activities

	Note	Unrestricted funds 2018 £'000	Expendable endowment fund 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
<b>Income and endowments</b>					
Donations	4	144	-	144	80
Investment income	5	-	2,542	2,542	2,337
Charitable activities	6	1,160	-	1,160	1,617
Other		6	-	6	-
<b>Total income and endowments</b>		<b>1,310</b>	<b>2,542</b>	<b>3,852</b>	<b>4,034</b>
<b>Expenditure</b>					
Raising funds	7	-	583	583	432
Charitable activities	8	3,810	-	3,810	3,847
<b>Total expenditure before historic pension costs</b>		<b>3,810</b>	<b>583</b>	<b>4,393</b>	<b>4,279</b>
Historic pension costs	23	(62)	-	(62)	(150)
<b>Total expenditure</b>		<b>3,748</b>	<b>583</b>	<b>4,331</b>	<b>4,129</b>
Realised and unrealised gains on	13	-	4,220	4,220	5,711
<b>Net (expenditure)/income before transfers</b>		<b>(2,438)</b>	<b>6,179</b>	<b>3,741</b>	<b>5,616</b>
Transfers	11	2,398	(2,398)	-	-
<b>Net (expenditure)/income and net movement in funds</b>		<b>(40)</b>	<b>3,781</b>	<b>3,741</b>	<b>5,616</b>
Reconciliation of funds – balances brought forward		217	85,492	85,709	80,093
<b>Balances carried forward</b>		<b>177</b>	<b>89,273</b>	<b>89,450</b>	<b>85,709</b>

