



# Report and financial statements

For the year ending 30 September 2021

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.

# Contents

<b>Board of trustees</b>	<b>2</b>
<b>Trustees' annual report</b>	<b>4</b>
<b>Chair and Chief Executive forewords</b>	<b>6</b>
<b>The Nuffield Trust's year in numbers</b>	<b>8</b>
<b>1. Our strategic objectives</b>	<b>9</b>
<b>2. Our activity in 2020/21</b>	<b>10</b>
<b>3. Our impact</b>	<b>18</b>
<b>4. Organisational development</b>	<b>23</b>
<b>5. A look forward to the year ahead</b>	<b>24</b>
<b>Financial review</b>	<b>26</b>
<b>Structure, governance and management</b>	<b>34</b>
<b>Independent auditor's report to members of the Nuffield Trust</b>	<b>44</b>
<b>Notes on the financial statements</b>	<b>53</b>

# Board of trustees

Andrew McKeon CBE  
**(Chair)**

Irshaad Ahmad

Tara Donnelly

Professor David Oliver

Thea Stein

Rupert Hill  
**(Chair of the Finance Committee)**

Dr Rosie Benneyworth

Sonja Marjanovic  
(appointed 30 September 2021)

Sarah Pickup  
(appointed 30 September 2021)

Dr Jocelyn Cornwell  
(appointment ended 31 May 2021)

Dr Christian van Stolk  
(resigned 30 September 2021)

Julia Palca  
(appointment ended 31 August 2021)

Andrew McKeon is the Chair of the Governance and Remuneration Committee, the other members are Rupert Hill, Tara Donnelly (from 30 June 2021) and Professor David Oliver. Other members during the period were Dr Jocelyn Cornwell (until 31 May 2021), Julia Palca (until 31 August 2021).

Rupert Hill is the Chair of the Finance Committee. Other members are Andrew McKeon, Christian van Stolk, Irshaad Ahmad and Dr Rosie Benneyworth.

Non-Trustee Member of the Finance Committee: Kim Lim.

## **Company secretary**

Ruth Hallesy

**Senior staff**

Nigel Edwards, Chief Executive  
John Appleby, Director of Research and Chief Economist  
Helen Buckingham, Director of Strategy & Operations  
Leonora Merry (Director of Communications)  
Rowan Dennison (Acting Director of Communications from April 2021, Deputy Director of Communications before)  
Natasha Curry (Deputy Director of Policy)  
Sarah Scobie (Deputy Director of Research)  
Ben Willbond (Deputy Director of Finance and Operations)

**Auditors**

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

**Bankers**

CCLA, 80 Cheapside, London EC2V 6DZ  
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**Investment managers**

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**Legal advisers**

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Charity number 209169

**Senior associates and visiting fellows**

Professor Sir Nick Black  
Dr Ronny Cheung  
Richard Darch  
Jason Frerich  
Sharon Lamb  
Professor Marcus Longley  
Dr Nadeem Moghal  
Dr Geoffrey Rivett  
Dr David Steel OBE  
Nicholas Timmins  
Veena Raleigh  
Professor Richard Bohmer  
Fiona Johnson  
Professor Deirdre Heenan  
Bob Klaber  
Dr Richard Lewis  
Professor Nicholas Mays  
Anne Marie Rafferty DBE  
Professor Judith Smiith  
Jonty Roland  
Sylvia Wyatt

# Trustees' annual report

The Trustees present their report and the financial statements of the charity for the year ending 30 September 2021. 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) 2nd Edition and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The charitable 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.

Our 2020–2025 strategy contains the following statement of intent that guides all of our work:

The Nuffield Trust is an independent health think tank. We aim to help achieve a high-quality health and social care system that improves the health and care of people in the UK by providing evidence-based research and policy analysis and informing and generating debate.

We set out to do this by:

- improving the evidence base that leads to better care by undertaking rigorous applied research and policy analysis;
- using our independence to provide expert commentary, analysis and scrutiny of policy and practice; and
- bringing together policy-makers, practitioners and others to develop solutions to the challenges facing the health and social care system.

In everything we do we seek to be grounded in the practical implications of policy-making, working closely with NHS staff and policy-makers to identify solutions to real problems that affect how health and care services are delivered and the outcomes they achieve. Above all, we aim to be a trusted and respected voice at a time of unprecedented challenge to the NHS and social care system.

We strive to be:

- independent and free from vested interests;
- rigorous, robust and evidence-based in the work we undertake;
- relevant, supportive but also challenging when we need to be;
- open and engaging with all those we come into contact with; and
- an organisation that makes a difference to the quality of policy-making and practice in the UK

# Chair and Chief Executive forewords

## Foreword from Andy McKeon CBE, Chair

The past year has been the most challenging ever for the health and care system. The impact of Covid-19 on the way health and care are delivered and on people's day to day lives has been immeasurable. We have just passed the 18-month anniversary of the WHO declaring Covid-19 outbreak a pandemic. The vaccination campaign – the largest in the NHS's history – has had a monumental impact on public health, but coronavirus is here to stay. Policy makers, service leaders and politicians are now wrestling with the long-term consequences for the health and care system.

I have been very proud of the role that the Nuffield Trust has played in providing evidence-based analysis, and concise and informative commentary on Covid-19 to improve policy and public understanding in this area, alongside rigorous research and analysis. Our work has also gone beyond Covid-19 to include amongst other areas the financing of the NHS, social care

reforms, the health and care workforce and prisoner health. The Trust continues to be as much in demand as ever and we remain highly respected for our independence and research rigour.

The working environment has changed significantly, demanding new approaches and ways of support but The Nuffield Trust remains on solid foundations. Its investments too are in a robust position, considering the continued economic impact of Covid-19.

I am proud of what the Trust's staff have achieved over the past year. I want to thank them all for their hard work and commend them for working so admirably under the toughest of conditions. There will no doubt be more challenges to overcome, but the way in which the Trust and its staff have more than managed over the past year gives me a definite sense of hope and optimism for the future.



## Foreword from Nigel Edwards, Chief Executive

This is the second year of the Nuffield Trust's five-year strategy 2020–2025. The pandemic and halting recovery has continued to dominate people's thoughts, and we have been well positioned to provide insightful commentary and analysis on the impact of the Covid-19 pandemic.

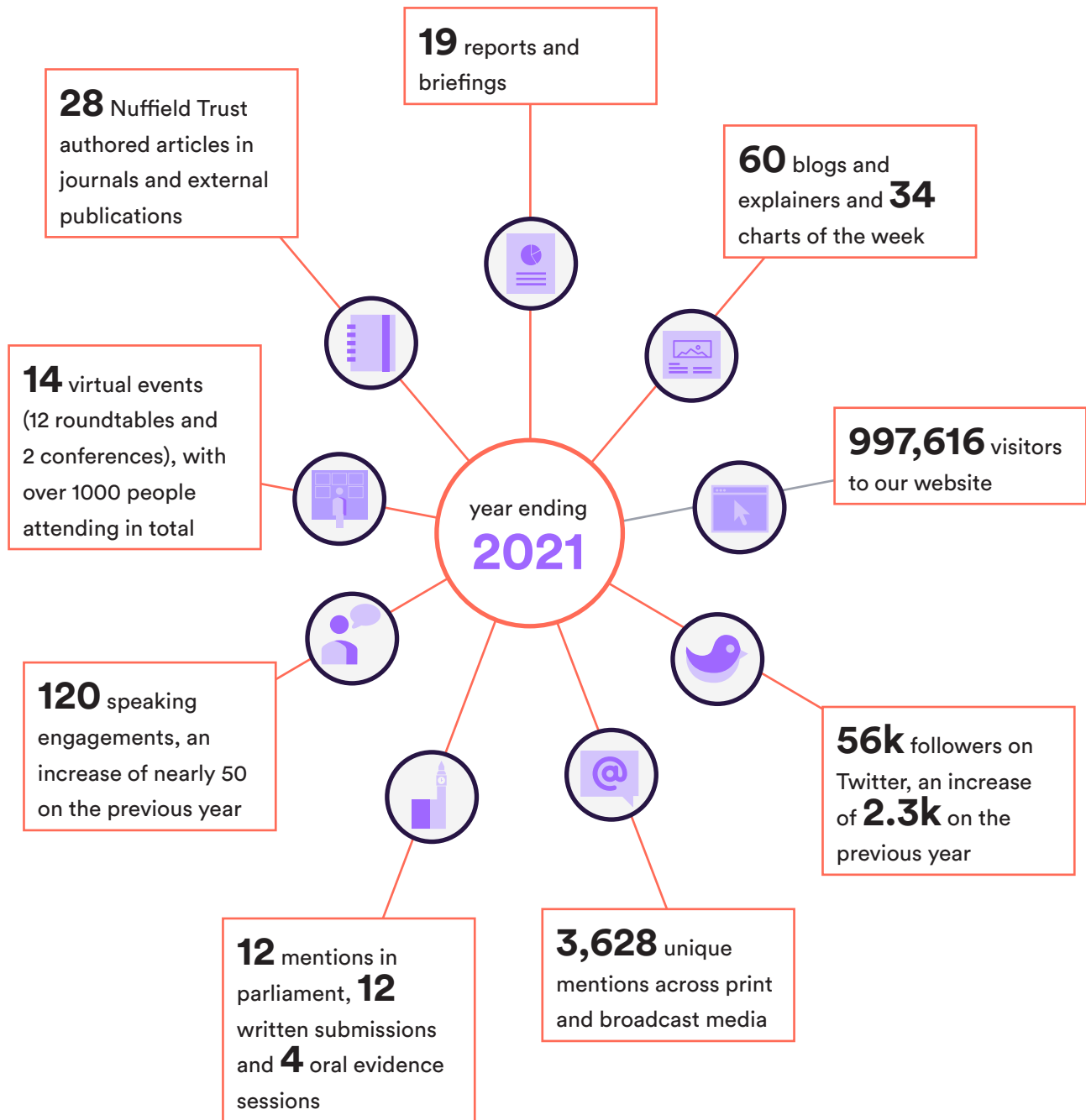
Standing independent both of the NHS and of politics, we are funded predominantly by our own endowment and can act nimbly in response to the health policy environment. Our pivot towards "sense-making" commentary around Covid-19 has proved resilient in this context, with our Chart of the Week series being very impactful.

Policy discussions have also increasingly focused on major issues or events that long pre-date the pandemic and much of our analysis and commentary has focused around these, generating significant impact. Following publication of a Government White Paper on the reform of the NHS, we closely scrutinised the Bill– through MP briefings, stakeholder meetings and media commentary. After plans for an additional £12 billion per year for health and social care over the next three years were announced by the Prime Minister, we offered expert

commentary on what this means for the social care sector. As concern about the future of the health and care workforce grew to perhaps its highest for years – evidenced by the NHS staff survey results – we provided evidence-based analysis on the many facets of the workforce, most notably in our Chart of the Week series which has continued to provide a useful outlet for this. We have also been well placed to inform on the major implications for health policy, following publication of a Brexit trade deal in December last year.

This report details the activity we have generated and the impact we have secured, as well as the financial and organisational work underpinning our charity. I have been enormously impressed by the resilience and goodwill of our staff, who have continued to deliver exceptionally high-quality work during such difficult circumstances. I am incredibly proud of the impact we have had over the past year and am hopeful for what we can achieve over the next 12 months as we emerge the other side of the Covid-19 pandemic.

# The Nuffield Trust's year in numbers



# 1. Our strategic objectives

The Nuffield Trust works to promote improvements in the quality of health care and health policy. In so doing, it seeks to improve patient care and health for all members of the public. All our charitable activities focus on health care policy and practice and are undertaken to further our charitable purpose for the public's benefit.

Our strategy to 2025 specifies three clear objectives for our work in pursuit of this public benefit:

- 1 To influence policy and practice by generating and synthesising information on health and social care that can facilitate both better policy and better practice.
- 2 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.

- 3 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.

These objectives have framed both the work we have undertaken (our activity) and the impact we have generated. These are set out in more detail in sections 3 and 4.

## 2. Our activity in 2020/21

The work programme through which we are delivering our corporate objectives has had six priority areas since 2020: workforce; technology and digital; primary care; small, remote and rural services; quality and equity; and politics, funding and reform.

At the beginning of our financial year, the Covid-19 pandemic continued to dominate headlines, creating a challenging environment for non-pandemic-related research and analysis. So, as with last year, our work adapted too. Our initial focus turned to Covid-19 recovery interventions as the country faced up to a devastating second wave; insights on how the pandemic affected the Brexit fallout; and research on how rural and remote health care services were coping. And we were among the earliest organisations providing understanding on how digital and remote forms of health care were expanding as a result of Covid-19 – all while continuing to provide vital commentary on cases, mortality and rising waiting lists.

As the second wave took hold and then gradually eased, the focus across the middle

of our year returned to broad questions of health and social care policy reform, with Covid-19 as the ever-present backdrop. Key outputs included a comprehensive look at our ailing social care provider market; attempts to gauge the depth and nature of inequalities in the NHS through ethnicity pay gap and data coding work; and a Covid-19 self-isolation policy proposal – again all the while keeping an eye on the spiralling elective waiting lists.

The last few months have seen discussions over major legislative, financial and structural changes in health and social care systems come to the fore – and perhaps a return to health policy in earnest. We have provided constructive advice and challenge to these developments, addressing long-term policy reform questions through critiquing of the Health and Social Care Bill; commentary on the new health and social care levy; and practical solutions and recommendations to the unfolding mental health workforce crisis through the lens of different staff groups (nurses, clinical support staff, and psychology as a career).

The section below outlines the key activities in each of these six work programmes. It is not a comprehensive list of every output or activity. Furthermore, the strategy was always intended to be dynamic, and our understanding of how it fits together has also recently been adapted, so these priority areas will be adjusted slightly in next year's report (see the section 'A look forward to the year ahead' for more on this).

## 2.1 Workforce

Concern within the health service over the future of the workforce is at perhaps its highest for years – and morale is wavering following the second Covid-19 wave and debates over staff pay, as evidenced by the NHS staff survey results.

Alongside reactive commentary to these issues we have been working hard to provide the vital evidence base needed in ongoing analysis of the many facets of the workforce – most visibly in our **Chart of the Week** series, which has covered staff pay, work-related stress and ethnicity and diversity in NHS recruitment over the last quarter, each of which has been very well received.

We published a research report on the **ethnicity pay gap in the English NHS** earlier this year which applied new analysis

to examine the differences in basic pay between ethnic minority staff and White staff employed by the NHS – by occupation, pay system and band. The report was received favourably by the NHS Race and Observatory board. A couple of months later, we launched a report which looked at the quality and consistency of ethnicity coding within health datasets, and was supported by the Race and Health Observatory.

A continued focus of our workforce programme this year has been to present and analyse evidence on different elements of the health and social care workforce in order to inform policy and practice, through regular updates to our **NHS staffing tracker**.

Given the scale and seriousness of the problem, we have zoomed in on different areas that are in crisis to provide workable solutions from the ground up in various disciplines and specialties. For example, we have undertaken analysis for NHS Employers and the Mental Health Network to look at ways more people might be attracted to apply to **study mental health nursing** – and reasons why numbers are currently limited; the National Workforce Skills Development Unit on the roles, responsibilities and diversity of **mental health clinical support staff**; and for the British Psychological Society on the **pipeline for psychologists**.

## 2.2 Technology and digital

Technology in the NHS has the potential to transform health services and patient experience. But getting it right can be challenging. Our work looks at the opportunities, barriers to success and how technological change can be successfully implemented.

The biggest piece of ongoing work under our technology and digital work programme has been our **evaluation of Care City**, a ‘test bed’ in East London focused on using new technologies to support people with long-term conditions. The evaluation ran for 20 months and drew on quantitative and qualitative methods to evaluate impacts on patients, the workforce and the health care system. We have published a **summary report** drawing out the main findings from the study to go alongside the full evaluation report.

In addition, we have published a further two Care City reports specific to implementing technology in social care. **One report** outlines key considerations to optimise effective implementation of technologies within the unique domiciliary care setting. **The other report** considers the potential of digital technologies to develop and empower staff working in social care.

Work has continued with the World Health Organization’s (WHO) European Observatory on Health Systems and Policies, funded by Optum, to produce an overview of national policy levers that have been used internationally to support digitisation across health sectors. While progress was slowed due to the Covid-19 pandemic, it is due to report at the end of 2021.

## 2.3 Primary care

Work with the Universities of Oxford and Plymouth on an Economic and Social Research Council funded project called *Remote-by-Default Care in the COVID-19 Pandemic*, is continuing at pace. It will examine the benefits, disadvantages and pitfalls of the rapid changes that have taken place in general practice such as video and online consulting, and remote assessment, so as to improve their use. It draws on a blend of data from a series of virtual workshops and wider study findings. This will be a very timely piece of analysis as the debate over appropriate levels of face-to-face and remote appointments continues across media and the government.

The 2021 GP patient survey showed a worrying trend of people staying away from health services during the pandemic. We took a closer look at the results in our

QualityWatch analysis to understand how access to GP practices has changed over time. Our 'Chart of the Week' highlighted that people from the most deprived areas were less likely to report their needs being met or had a poorer overall experience.

A set of linked blogs examined the **practical challenges** of introducing different roles into primary care and the **key issues** which should shape the expansion of multi-professional teamwork in general practice.

## 2.4 Small, remote and rural services

Throughout the year we built on earlier work to cement our reputation for expert analysis and commentary on the role that smaller hospitals and services play in health care delivery, highlighting the unique challenges these services face and offering solutions to some of these challenges.

We were commissioned by the National Centre for Rural Health and Care to write a report looking at the unique challenges presented by Covid-19 and rurality. This **briefing**, published at the end of 2020, explored the impact the pandemic has had on the delivery of rural and remote health services in England, highlighting the

underlying challenges faced by these services – and outlining how the challenges faced are different for rural areas in comparison with more urban areas.

The full NIHR Medical Generalism study was published this year, through the **NIHR journal**. We published a **blog** outlining the 12 key lessons from the study which was well received. We have recently embarked on a project looking at the factors which were important in driving reconfiguration of acute medical and emergency services in smaller hospitals during the Covid-19 pandemic.

Our work under this programme has also included a number of bespoke advisory projects for leaders in different health systems, including giving evidence to the Labour party on rural health services.

## 2.5 Quality and equity

A great deal of our work on quality and equity is firmly aimed at achieving our first and third objectives: to generate and synthesise information on health and social care to facilitate better policy and practice; and to provide information on the evidence, statistics, facts and research used by politicians and policy-makers.

Our **QualityWatch** programme, funded by The Health Foundation, is a key component of this, through which we published regular updates on trends in the quality of care in different areas, including **primary care, care for children and young people, urgent and emergency care and social care.**

The **QualityWatch** annual statement, published in December last year as an innovative scrolling data story, focused on the rapid adoption of digital technology for delivering NHS care during the pandemic. The Covid-19 pandemic has dramatically changed the way patients access general practice and outpatient appointments, with far more telephone and video appointments being offered. Given the continued relevance of an independent, comprehensive and ongoing review of health and social care quality as the country recovers from Covid-19, we are in discussions with the Health Foundation to renew and develop the project further.

Our work on prisoner health, funded by The Health Foundation, is another key component of this work programme. Later this year we will publish a report **exploring changes in prisoners' use of secondary care over time** and comparing use of hospital services with the non-prisoner population. A second briefing due to report in 2022 will look at the impact of Prison healthcare in Wales.

Since 2016 we have sought to use our position as a research organisation to add to the evidence base around the health of children and young people. We published a **briefing** which looked at the changes in emergency admissions for the under 5s, exploring differences by groups and whether changes to service provision are influencing emergency admission numbers. Later this year we will publish a report exploring the causes of poor child health and developmental outcomes in the UK, with a focus on infant mortality and obesity. Our support and advice to the Nuffield Foundation for their early year's health chapter – the changing face of early childhood in Britain – has led to developing a joint round table with them to discuss some of the findings and the implications for ICS and place-based strategy for children and young people.

We are developing new relationships with stakeholders with a shared interest in end of life and palliative care, and have been commissioned to research use of services with Hospice UK, and evidence for specialist community palliative care with NHSE/I.

Our longer-term research work continues to shed light on some fascinating areas, with our NIHR funded Rapid Service Evaluation Teams analysis of Covid-19 virtual wards being particularly well-received within NHS E&I. **Phase 2** of RSET and BRACE's study



of remote monitoring models for Covid-19 patients – exploring the second wave of the pandemic – has begun.

We held our first virtual Rapid Evaluation Conference over three days in January, organised by the Nuffield Trust and the Health Foundation, in association with BRACE and RSET. This was our first virtual conference and we had 460 registrations for the conference with over 100 delegates watching the live stream on each day.

## 2.6 Politics, funding and reform

The unfolding Covid-19 crisis saw continued interest in our role as an organisation providing evidence-based analysis and commentary to help commentators, policy makers and others make sense of the situation. Our Charts of the Week have continued to provide a useful outlet for this, covering issues such as Covid-19 in prisons, weekly mortality figures, critical care beds, length of stay and the regional pattern of the vaccine roll-out. Our media commentary on mortality and elective recovery in particular has been very prominent over the last year as well.

Although concern over the pandemic remains high, over recent months there

has been a sense that policy issues and discussion are firmly back on the table, with lively policy discussion in several key areas of health and care reform that Nuffield Trust has been well placed to contribute effectively to. One longer-term issue generated significant activity over the year in particular: social care.

Over the summer we contributed to the ongoing social care policy debate with a series of **blogs** on the pressing need for social care reform. We launched a report summarising the **problems in the English social care provider market** which generated a lot of interest within government and beyond. Members of the social care team presented to and met with a large number of policy-makers and opinion-formers, including the DHSC markets team, who asked us to present our work directly to the care minister Helen Whately, and DG Michelle Dyson.

The past year has provided many opportunities for intervention on social care reform. Our **statement** following the Prime Minister's announcement of an additional £12 billion per year for health and social care over the next three years was widely quoted, and the social care team were in great demand fielding media queries. A **blog for the BMJ** explored what it really meant for the social care sector – that

the package presented falls short of the comprehensive reform that social care so badly needs.

The new Health and Care Bill, the biggest legislative overhaul of NHS for a decade, made its way through Parliament this year and we have provided close scrutiny of it through **briefings for MPs**, stakeholder meetings and media commentary, making clear our concerns about a ministerial power grab, the risk of undermining trust in NHS processes and the possibility that some powers may ultimately be unwanted. We published a blog titled “**Will the new Health and Care Bill privatise the NHS?**” after some expressed concerns that it could lead to ‘privatising’ the NHS.

Building on our reputation for incisive commentary and analysis on Brexit, our Brexit leads published a series of blogs looking at the impact of Brexit on many areas, including the **development, supply and rollout of Covid-19 vaccines; supply of drugs to UK patients; the UK’s scientific successes; impact of a Pacific trade deal on the NHS; and medicines shortages.**

We launched two Brexit reports in this financial year – a **briefing** which assessed how Brexit may affect the UK’s response to Coronavirus, and a **report**, commissioned by

the Health Foundation, which mapped out the health areas that will be affected by our decisive exit from the Union. Five years on from the Brexit vote, in a blog we looked back at the **main claims** that were made about the NHS before the referendum took place to see which have been proven right and which have proven to be unfounded.

In March, we held our first ever fully **virtual Summit series** over a two-week period. The **sessions** were wide-ranging and timely, covering the interaction between scientific advice, evidence and policymaking; reflections on whether health services need a restoration or revolution following the pandemic; and the tension between centralisation and localism that is characteristic of health care in this country. The Summit presented a timely opportunity to reflect on the pressing issues facing the NHS and social care, especially what has changed since the Covid-19 pandemic and stimulate and challenge the audience to think outside of their usual fields and expertise.

Our work on Covid-19 also saw us deliver new events and develop new partnerships to support the NHS’s efforts in response to the outbreak. In partnership with the Resolution Foundation, we put together a fully costed **policy proposal** for financially supporting people to self-isolate during the pandemic,

providing real policy solutions to the issues of the day. This led to strong media coverage and the Prime Minister's spokesperson being questioned about the issue by journalists.

We also partnered with the Institute for Fiscal Studies for a widely-attended **online event** looking at the impact Covid-19 has had on healthcare, which involved Nigel Edwards speaking at an event alongside Carol Propper of Imperial College and Paul Johnson of the IFS.

## 3. Our impact

The public benefit of our work can clearly be seen in its impact. We define and measure impact in three ways:

- **the reach that we have** so that the public, policy-makers and those involved in delivering health care are better informed about health and social care in the UK and what can be done to improve it – this is reflected, for example, in our broadcast and print media counts;
- **the influence that we have** in informing politicians, policy-makers and health and social care practitioners about thinking on health and social care through analysis, pointing out lessons from the past and proposals based on research on how policy and practice can be improved for the benefit of the public – this is evidenced, for example, by our presentations to parliamentary committees, civil servants and ministers, as well as NHS boards and groups of health and care managers;
- **changes in policy or practice that result from our work** – although this can be very

hard to measure, with policy change often the result of multiple influences and the exact journey from our activity to impact often unclear.

Looking at our three strategic objectives in turn, we can highlight some real examples of impact – and public benefit – in 2020/21 in each of these categories. This section does not attempt to provide a comprehensive list of all the areas in which we have achieved impact. Rather, it attempts to capture the highlights of another seismic year in health and social care.

### 3.1 Impact on policy and practice

A wide range of our work falls under this objective, which covers much of our ‘sense-making’ and explainer work, as well as in-depth analysis. Impact highlights from 2020/21 include the following:

- Our ethnicity coding report, which looked at the quality and consistency of ethnicity coding within health datasets, and

was supported by the Race and Health Observatory, was received very positively by the data and research community;

- Explainer and commentary on measuring Covid-19 mortality – this has proved to be a highly popular, objective and authoritative resource which been widely read and updated as the pattern of Covid-19 deaths has changed during the pandemic;
- Our NHS workforce in numbers and QualityWatch analysis on hospital bed occupancy were referenced in Keir Starmer’s pamphlet ‘The Road Ahead’;
- The NHSE/I strategy team drew on our QualityWatch work in providing a briefing for the new Secretary of State and NHSE/I Chief Executive;
- Our chart of the week on cases of Covid-19 in prisons was cited in a letter drafted to the Joint Committee on Vaccination and Immunisation and Matt Hancock regarding prioritisation of prisoners and prison staff for vaccination.

## 3.2 Impact on service redesign

Much of our work aimed at informing health care managers, clinical leaders and

policy-makers falls under this objective. This includes our evaluations, our consultancy work for individual NHS organisations and also our convening and events work. Impact highlights from 2020/21 include the following:

- Following previous work on continuity and access in primary care, Rebecca Rosen won one of five C6 Health Foundation awards for improving continuity in general practice, applying findings from the project in her own GP practice. Furthermore, at the advisory group of the National Access Review – which has taken on a higher level of importance following Boris Johnson’s opening speech – our continuity report was referred to by NHSE/I during the meeting as setting the context for the inquiry and providing a range of insights about access and continuity. They are drawing on its findings and have internalised our recommendations about the possibility of delivering access without letting go of continuity;
- Our ongoing analysis on the feasibility of managing patients with Covid-19 in the community rather than in hospitals by giving them oximeters to keep track of their own oxygen levels at home, under the Rapid Service Evaluation Team (RSET)

project, has had feedback from a GP lead at NHSE/I that the RSET team played an essential role in enabling the national roll out of Covid-19 oximetry at home;

- Our work on hospital re-design and delivery with the Velindre NHS University Trust provoked genuinely new thinking among the leaders in the area;
- We have been invited to present at a number of high-profile external events, including the European Healthcare Design 2020 conference and the NHS Confederation's Primary Care Network Conference;
- NHSE South East region commissioned us to help them think about how ICSs will work in the future. This has led to us providing further support on ICS development in the East of England region and the future of commissioning.

### 3.3 Impact of our evidence to policy makers

The policy and public affairs work that we do is in pursuit of this objective, offering rigorous analysis to inform politicians from all four UK countries, policy-makers in central and local government as well as within NHS arm's-length bodies. Impact highlights from 2020/21 include the following:

- There has been significant impact from our work on social care. The Migration Advisory Committee are establishing a social care expert advisory group as they have been commissioned by the Minister for Future Borders and Immigration to undertake an independent review of adult social care and the impact of ending freedom of movement on the sector. The committee drew heavily on our social care briefings as references in documents for the committee and to understand more how social care works in the four countries;
- There have been multiple citations in the media and parliament, following announcement of the Health and Social Care Levy; following a number of social care reform proposals, including a proposed hike to National Insurance as a funding mechanism, we engaged in several broadcast interviews, including BBC R4's The World This Weekend; we made a timely intervention via a joint letter on social care which was published in the Times;
- Our social care provider market report generated a lot of interest within government and beyond and there has been huge demand for our social care team to speak at a range of external events and attend meetings, including discussion

with Number 10 Downing Street. We presented it to over 80 senior civil servants from across DHSC, MHCLG and Cabinet Office. We have also separately briefed the markets team and they have asked us to present our work directly to the care minister, Helen Whately and DG, Michelle Dyson. We were told by the directorate of the Markets team that it had been ‘referred to constantly’ in conversations with the DHSC. In a presentation during a DHSC engagement session with the sector, our work was referenced and it has influenced the department’s framing of the issues;

- We circulated a briefing for the Second Reading of the Health and Care Bill, and were cited by the Minister of State Edward Argar in the debate. We joined forces with the King's Fund and the Health Foundation to draft a letter on workforce planning and the NHS Bill to the Secretary of State and Jeremy Hunt. Both this letter and our formal submission in the previous quarter were widely quoted and cited in the Health Select Committee report on the NHS Bill;
- We have been invited to give oral evidence at four committee sessions. We submitted written evidence to the Public Accounts Committee inquiry into digital change in the NHS, drawing on our recent briefing,

and were cited in their final report. We were extensively cited in the House of Lords’ Public Services Committee report on Covid-19, including on funding disparities, health inequalities, social care, and technological innovation. We were cited in the House of Commons in debates about trade deals, and for our work on the Scottish NHS and social care in the four countries;

- Our work with the Resolution Foundation on better financial support for self-isolation achieved great impact, notably national media coverage in the Guardian and the Prime Minister's spokesperson was questioned about the issue at the lobby briefing on the day of launch;
- Our Brexit tracker project, funded by the Health Foundation and involving a collaboration with leading academics, was completed in December and published as the “will they/won’t they” politics continued on the deal. It was well-received within Whitehall and the Arms’ Length bodies, and received widespread media coverage;
- A thread from Helen Buckingham providing clarification over privatisation concerns with regards to the Health and Care Bill captured a huge amount of attention from our Twitter audience. The

original blog is the most popular blog content we have published this year;

- Following our report on international long-term care Covid-19 learning, an international evidence summary on mandatory vaccination for social care staff was published and cited by the SAGE working group on social care.



## 4. Organisational development

### Hybrid working policy

Covid-19 continues to produce an environment of uncertainty and staff wellbeing is paramount. We have therefore remained cautious in our approach to the office re-opening, while working hard to keep pace with external changes. Although office utilisation was lower over the summer months, we are now seeing utilisation increase, both in absolute numbers and also variety of staff users. We are preparing a new hybrid working policy which will form the foundation for working at the Trust in the future.

recommendations have been taken forward to strengthen our existing relationships and networks.

### Strengthening our networks and external relationships

We conducted a review of our networks and external relationships last autumn to capture a better picture of the range of external contacts held by Nuffield Trust staff; the strength of working relationships; and areas for development. We gathered evidence from surveys and qualitative interviews with Nuffield Trust staff and Trustees. A number of

## 5. A look forward to the year ahead

We have re-focused our priority areas of work to four key areas:

- Quality and equity
- Service delivery
- Innovation
- Politics, funding and reform

Each priority area of work is quite broad in its focus, and many of our projects will fall within more than one area of work.

### Work planned for 2021/22

In our **quality and equity** programme, we are developing a portfolio of projects on end of life care, to improve the evidence base for policy makers and local systems. A project commissioned by Hospice UK will focus on the scale and nature of service provision by hospices from April 2018-March 2021. We have also started work on a project on access to prevention, diagnosis and treatment for people with a learning disability.

We will continue to develop our prisoner health research work, building on our

previous work as well as extending into new areas. In the next phase we will be directly involving people with lived experience of prison, who will take part in discussions regarding measures of care quality amenable to identification in hospital data, as well as workshops to develop practical policy recommendations based on the research findings. We will also be producing targeted outputs on the Wales prison estate for the first time.

Through our **service delivery** programme, following on from the Medical Generalism study, we will lead a review of the impact of Covid-19 and organisational change in smaller hospitals using the same cohort of hospitals. This will assess which factors were important in driving reconfiguration of acute medical and emergency services in smaller hospitals during the Covid-19 pandemic and whether there are wider lessons for service change.

Improving access to primary care has been an area of strategic policy focus consistently over the last decade. We have launched a new

project which will look at whether shifting primary care online will enable patients to have more equal access to care and what policy lessons can be learnt.

In relation to integrated care, we are working with the Policy Innovation Research Unit (PIRU) to understand how integrated care systems in Italy, the Netherlands and Scotland are implementing their recovery plans post Covid-19. We are also preparing a briefing comparing the approaches to integrated care across the four nations of the UK. This will focus on policy and outcomes relating to integrated care and the challenges of delivering services to an increasingly multi-morbid population.

Within our **innovation** programme we have two ongoing projects reviewing digitisation in health – one with an international perspective undertaken in partnership with the WHO European Observatory and a second internal project considering the development of digital policy and the impact of Covid-19 across the four nations of the UK.

Our RSET programme continues to undertake evaluations of innovative practice in health care delivery, with a number of new evaluations in progress this year including: **peer supported social care in prisons, innovations in outpatient services,**

**youth violence intervention programmes and centralisation of specialist health care services.**

Within our **politics, funding and reform** programme, we have launched a project on international comparisons of health system recovery from Covid-19 with NHS England and Improvement. This will assess national Covid-19 recovery plans and synthesise strategies for how other health systems are working to enhance resiliency and recover services as we move into later stages of the pandemic. We will also partner again with the King's Fund to ascertain the views of the public on a range of health and care related issues, as part of the British Social Attitudes survey run by NatCen.

We will continue to take opportunities to engage with the development of Integrated Care Systems. We are a member of a consortium of organisations which has recently won a £6 million contract from NHS England to support the development of place-based partnerships across all 7 regions, which will offer us significant learning opportunities. We will also continue to engage with parliamentarians as the Health and Social Care Bill progresses through the legislative process.

# Financial review

## Review of income and expenditure for the year ended 30 September 2021

The financial statements for the year to 30 September 2021 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, investments have performed ahead of target, so we are showing a surplus.

Total income for the year amounted to £3,687,000 (2020 – £3,822,000), of which

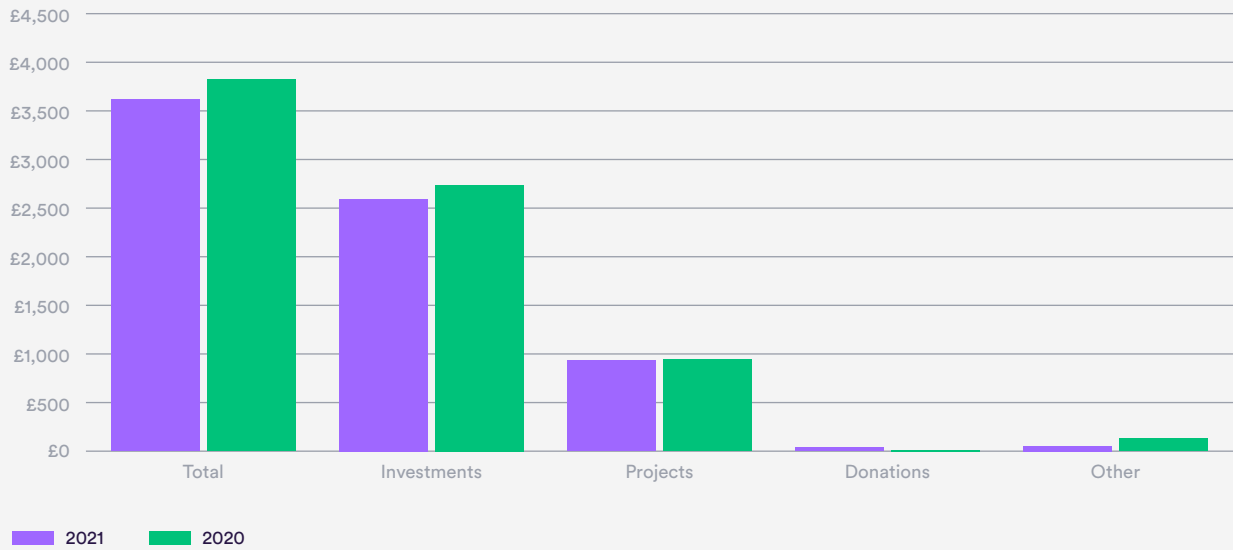
£935,000 (2020 – £943,000) was generated from charitable activities and £2,752,000 (2020 – £2,879,000) was derived from other sources, namely investments, donations and other trading activities.

Income from charitable activities decreased by £8,000 between 2020 and 2021 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.

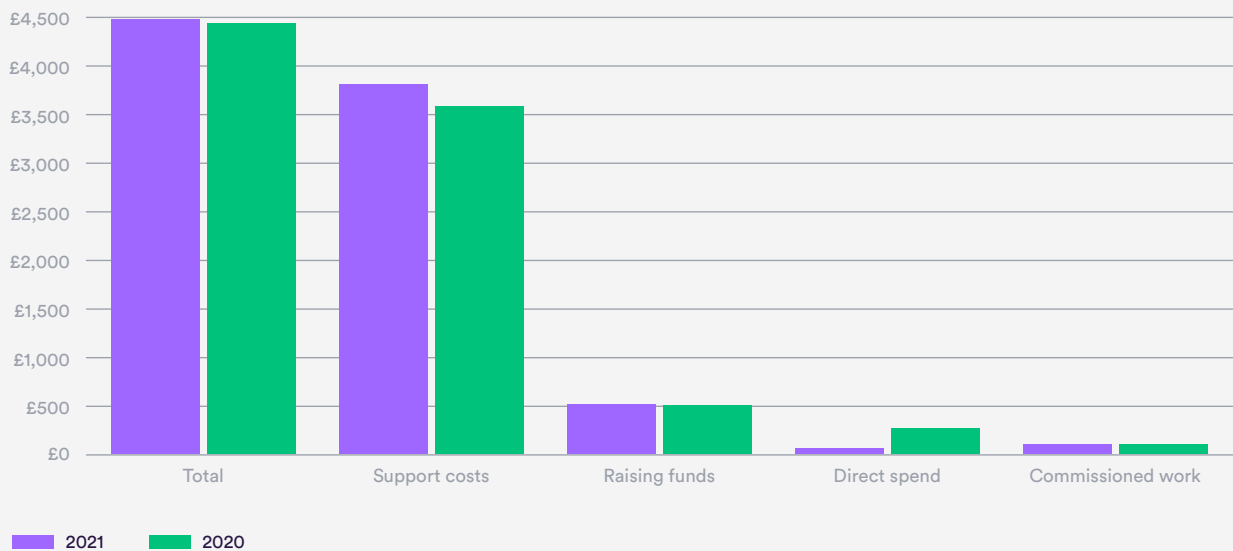
Income from other sources decreased by £127,000 between 2020 and 2021 due to a £144,000 decrease in investment income, a decrease of £8,000 in other income and an increase of £26,000 in donations.

Total expenditure for the Trust for the year was £4,566,000 (2020 – £4,428,000), of which £4,056,000 (2020 – £3,932,000) related to

### Review of income for the year ended 30 September 2021



### Review of expenditure for the year ended 30 September 2021



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 £124,000 between 2020 and 2021 due to the net effect of a decrease in expenditure on commissioned work, a decrease in spend attributable to income generating activities (Direct Spend on projects), a planned increase in staff costs and an increase in other overhead expenditure. These overhead costs are the reversal of cost savings seen due to the extraordinary impact of the Coronavirus, primarily whilst the office was closed.

Expenditure on raising funds increased by £14,000 between 2020 and 2021 due to investment management fees increasing by £9,000 as funds under management increased, and the staff costs allocated to generating funds increasing by £5,000.

Net gains on investments for the year were £9,205,000 (2020 – £2,664,000). Further

details on investment performance are below.

The net income for the year was £8,326,000 (2020 – £2,057,000).

The Trust is nearly two years into a 5 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 healthcare 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 policymakers 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 2021

The Trust's consolidated net assets at 30 September 2021 were £103,501,000 (2020 – £95,174,000). This represents an increase of £8,327,000 (9%) compared with the net assets at 30 September 2020, which was caused by growth in the value of investment funds.

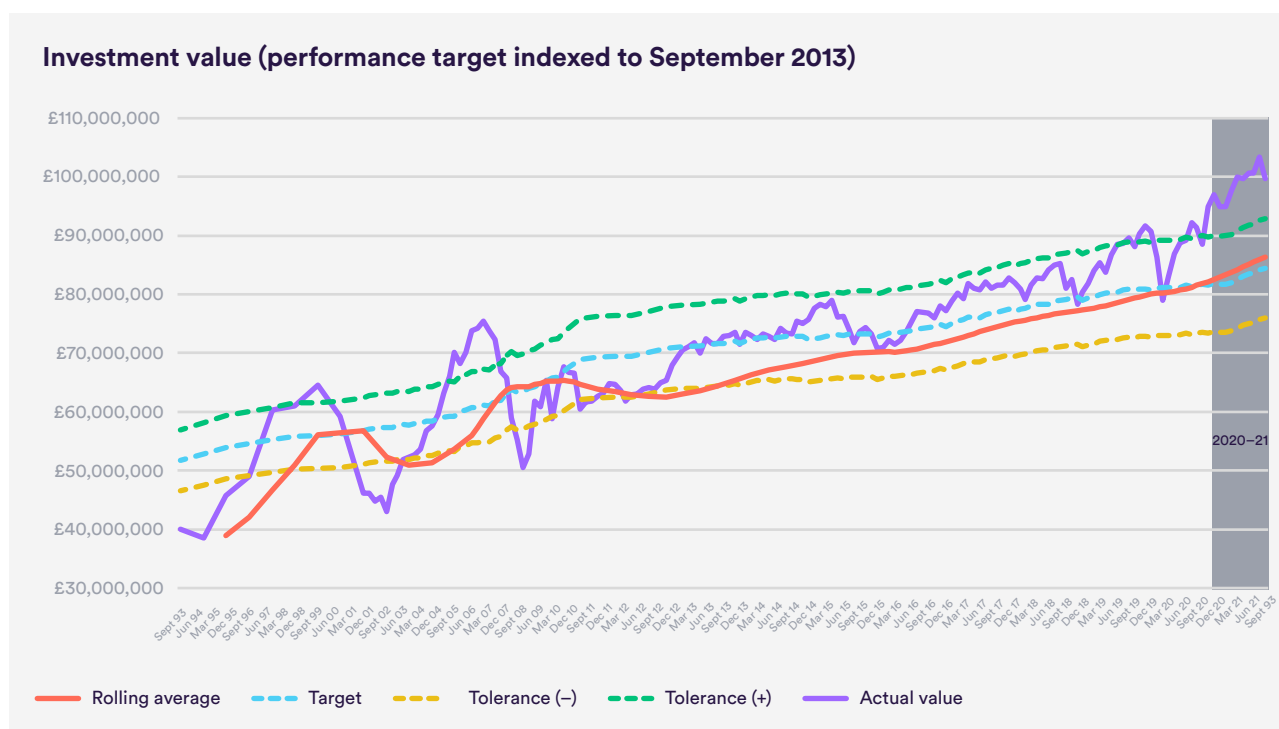
## Investment performance

The long-term investment performance 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 of 4% (based on a rolling average). 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 £11,800,000 for 2021 (2020 – £5,402,000). The portfolio of investments had a total value at 30 September 2021 of £99,707,000 (2020 – £91,386,000).

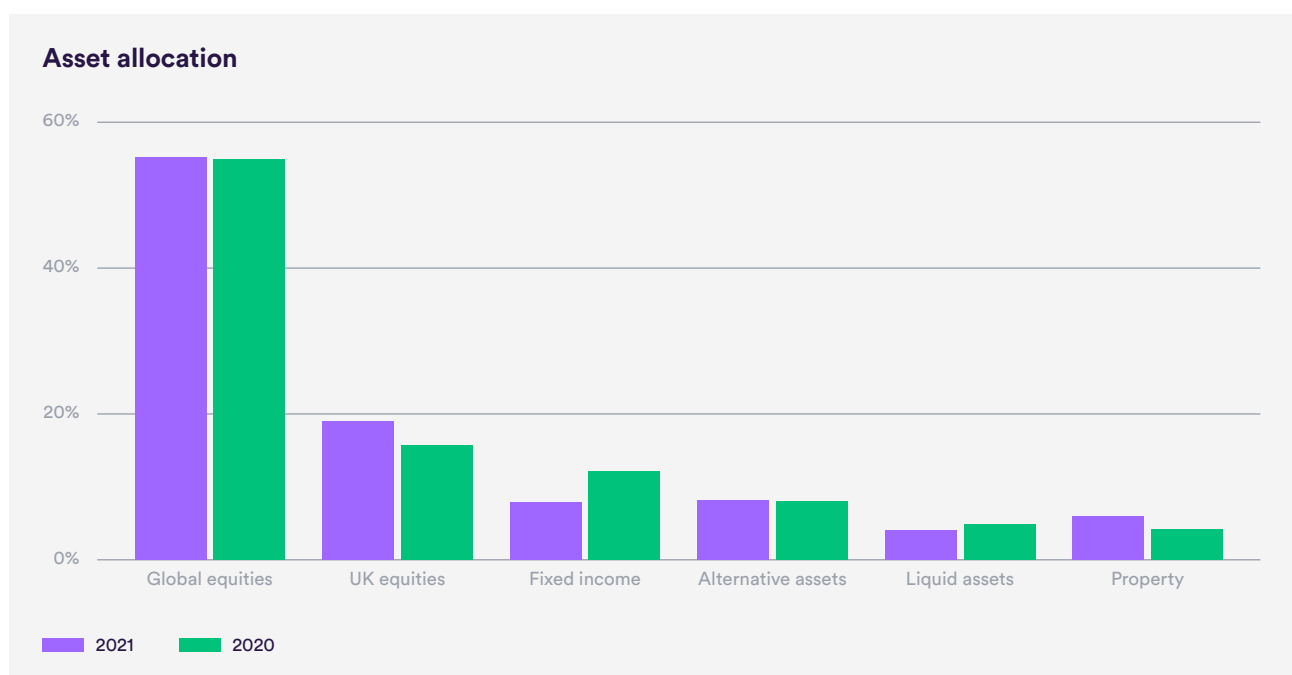
Long-term analysis of available data above (March 1992 to September 2021) shows that the total value of the investment portfolio,



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 value target, currently set as CPI+0.5%, being the performance target (CPI+4.5%), less the agreed drawdown (4%). The chart above presents the value of our investments in absolute monetary terms, which also captures 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.

The tolerance bands in the chart above are used in order to quantify the expected volatility inherent in the agreed investment strategy and to help assess the level of risk in the portfolio at a given time. Risk, often measured in terms of equity risk, is closely monitored by management and can be presented in terms of comparative asset allocation. As might be expected, external events may lead to tactical measures being taken to adjust the risk in the portfolio, such as in particularly volatile markets as we saw during 2020.

For the 12 months to 30 September 2021 the total value of the investment portfolio has risen 6.0% (2020 – 1.5%) ahead of inflation,





as measured by the consumer prices index, or 5.5%(2020 – 1.0%) ahead of the inflation linked target.

During the year under review the investment assets of the Trust were managed by Sarasin and Partners LLP, with a small amount of funds invested in a J P 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 2.8% and 2.1%, respectively, and the combined weighted yield across the aggregated portfolios was 2.7% at 30 September 2021 (2020 – 3.0%).

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. At 30 September 2021, the fair value placed on this investment, after taking account of redemptions of £11,000 (2020 – £21,000) received in the year, including cash held against currency hedge, was £14,000 (2020 – £27,000).

## **Financial strategy and reserves**

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

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

to spend from investments, now and in the future.

The Trust's total reserves at 30 September 2021 were £103,501,000 . As set out in note 20 to the accounts, the entire amount, £103,501,000 represents the expendable endowment.

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' is based on 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" (being the total of "Short term deposits" and "Cash and bank and in hand") are £1,825,000 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. Ethical restrictions in place limit direct investment in tobacco production and investment in companies that derive significant income (greater than 10%) from armaments, gambling, alcohol, adult entertainment or tobacco.

A review at the financial year end, indicates that exposure to these restricted areas amount to approximately 0.17% of our total holdings, or £165k, with the largest proportion being alcohol, through holdings in retail and leisure outlets. In addition, Trustees are committed to reviewing the



Trust's ethical investment restrictions at least annually.

A review of the stance on Environmental, Social and Governance (ESG) issues during the year has led to improvements. In targeting a more environmentally friendly and sustainable approach, Trustees agreed to align investment activities to the Paris Climate pledges. This has resulted in improved understanding of investment holdings and the associated environmental impact. This is considered the first step in a pathway to a greener and more sustainable organisation.

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.

## Going concern

In agreeing the planned activities for the coming 12 months, the Trust has implemented a number of approaches to ensure that operations remain viable under the scenarios that are likely, given the future uncertainty caused by coronavirus:

- In support of the Trust's strategic aims and to enable successful translation of activities to budget, the Trust has produced a 1 year business plan.
- The budget has been based on business as usual basis, having considered the risks presented by the current environment.
- Increased financial reporting to the Trustees and to Leadership Team to ensure timely information in support of strategic decision making.

More broadly, the Board regularly reviews forecasts and projections and has not identified any material uncertainty relating to going concern.

# 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 up to a third term. Appointment as a Trustee is open to any suitably qualified member of the public. Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Trust and their responsibilities as a Trustee.

Details of the Trust's current Trustees, and those who served during the year, are set out on page 2.

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 2.

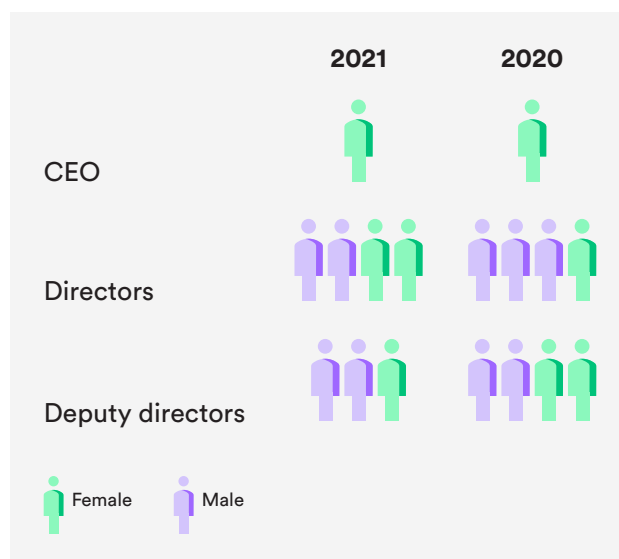
## Organisational structure and how decisions are made

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 2021 and the next review is scheduled to be completed by the summer of 2023.

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 3.

Since extending the Leadership Team structure during 2020, extending it to include deputy directors, the structure has been unchanged. During the periods of national lockdown, the Leadership Team modified their working approach, adopting a more frequent meeting pattern.

The Leadership Team structure for decision making is illustrated below:



## Our funding

The Nuffield Trust has an expendable endowment valued at £103,501,000 at 30 September 2021. This endowment provides the Trust with a valuable source of income ( £2,595,000 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.

Risk	Management response	
	Management approach/plan	Monitoring process
The Trust are 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. Annual renewal of ISO/the NHS IG toolkit.</li> <li>• Internal and external audits of IG arrangements. Annual renewal of ISO/the NHS IG toolkit.</li> <li>• Annual network security assessments.</li> </ul>
There is poor staff wellness or morale	<ul style="list-style-type: none"> <li>• Improved review process to include specific focus on wellbeing</li> <li>• Regular engagement to ensure wellness and support under homeworking conditions</li> <li>• Renewed Employee Assistance Programme</li> <li>• Enhanced financial support for homeworking equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of sickness data</li> <li>• Employee forum feedback</li> <li>• Regular surveys through the pandemic period.</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.

As a direct result of the Coronavirus pandemic, a number of risks were heightened in the previous year. The Trust recognised that an impact of the pandemic was the increased likelihood of a number of risks occurring and, following best practice, the related mitigations were reviewed and improved. The severity of these specific risks and the effectiveness of the related mitigations has been closely monitored.

Specifically, three risks were heightened; Information Governance; Cyber Security; and Employee Wellbeing.

During this year, these risks have been reviewed and remain heightened and are under constant review.

Risks relating to Information Governance and Cyber Security are closely linked. With increased homeworking due to national social restrictions and a drive for employees to work from home if they can, the Trust recognises that the control environment has changed and that additional precautions have been necessary.

In addition, the Trust recognises that its employees' personal circumstances have been impacted significantly by the pandemic and have developed a programme of support to ensure staff have the tools to do their work, managers who are engaged and a culture that is inclusive in order that individuals can maintain a balance and are able to voice issues as they arise (for more information, see Organisational Effectiveness on page 40).

## 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 year, the Trust has continued to build on previous work around pay and progression. Having developed a competency framework to support the development of



individuals and talent last year, a review of the pay progression framework is underway, with a new structure expected by the end of 2021.

Organisations which employ more than 250 people are required to publish figures comparing men and women’s pay. During 2020/21 the Trust had less than 50 individuals on the payroll, and is not therefore under a legal obligation to publish gender pay gap information.

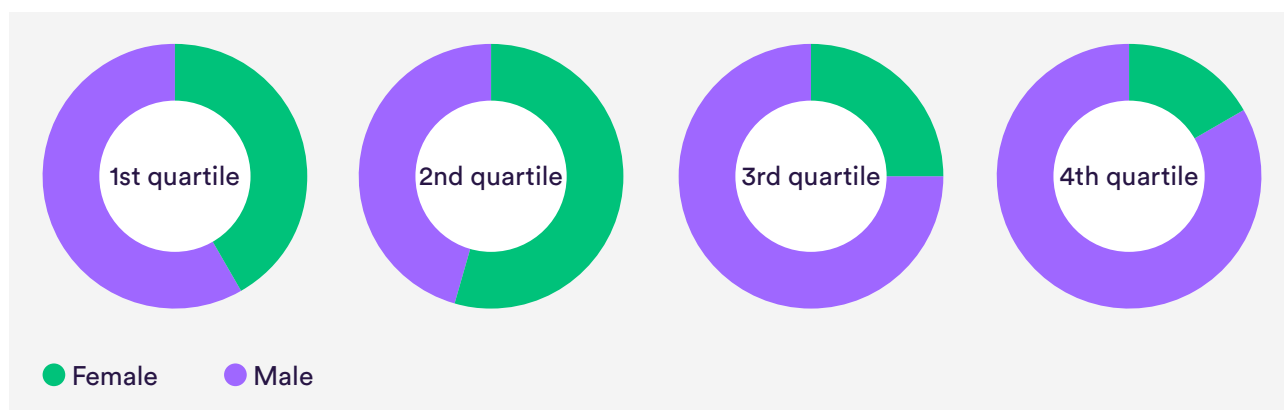
In addition, given the small numbers of staff the figure can fluctuate significantly with small changes in personnel. However, Trustees have agreed that this is information which they wish to keep under review.

The graphic below shows the gender balance of the Trust workforce by pay quartile (1st = 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 reviewed data on the gender, race and other protected characteristics of individuals and how all people are recruited, managed, developed and rewarded and are making changes to ensure that our approach and processes are appropriately inclusive (for more information, see Organisational Effectiveness on page 40).

## 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**

The Trust has continued to adapt systems and policies in response to the impact of Coronavirus, but this has not been the catalyst for every improvement drive during the year. We look both internally and externally for drivers for change, including our relative positioning against peers, economic pressure, staff sentiment and opinion.

Decision making remains the responsibility of the Leadership Team, however, recent years have seen a move to a more consultative approach, adding greater diversity to the process. We have developed staff representative groups where appropriate and provide a range of channels for staff to feed into the change process.

We have also agreed a strategic objective to improve the benefit gained from external networks. This is not only in relation to our research work, but also the operational aspects of the organisation. We bring in learning from other organisations where we can.

### **Staff development and pay**

Our quarterly review framework continues. This more frequent approach to appraisal, allows management to provide the best support and development opportunities to staff. Further to this, the existing pay framework is currently under review and we hope to complete the overall review of our approach to staff development and pay by the end of December 2021.

### **Equity, diversity and inclusion**

The importance of diversity is well evidenced in improving outcomes. The staff group established last year which takes a lead on equity, diversity and inclusion, making

recommendations to the Leadership Team has been a success. We have developed additional processes that embed an equity, diversity and inclusion approach to the research projects we undertake. This new approach ensures consideration is given at the planning stage of a project, improving the potential impact we can achieve.

We have also been actively seeking to improve the representation across a spectrum of characteristics in our stakeholders. Not only targeting a more diverse Trustee board and employee base, but looking at the networks that we benefit from as an organisation.

In addition, all staff, Trustees and the Leadership Team have received training on diversity in the workplace.

### **Control environment**

Since the beginning of the pandemic, we have reviewed the control environment to ensure that it is both effective in its aims and acts to enable an efficient and effective administrative approach. In practice, this means a greater use of technology to support remote working, decision making and approvals.

### **Quality assurance**

We have developed an improved approach to quality assurance in our research work. The benefits of this are twofold: more robust checks provided enhanced protection from data governance failings; and with improved peer review we are able to maximise the impact of our outputs, therefore improving the public benefit of our work.

### **Operations team effectiveness review**

The Operations Team provide essential support to the other functions of the Trust. During the year we have reviewed how effective these support functions are, thus assessing the ability of the team to add value to the activities of the Trust. The review identified several areas where we might improve and has triggered an improvement plan to be agreed. Delivery of this plan is underway and effectiveness will be reassessed in early 2022.

### **The impact of Coronavirus**

We continue to be affected by Coronavirus. Like many others, we spent extended periods with little or very limited access to the offices, continuing almost all meetings on virtual platforms.

Much was learned during last year and we have continued to function well as an organisation. We have maintained regular contact with our staff, keeping up with the important pre-pandemic communications that keep us well connected.

An area of focus has been how we support our staff. Line managers have received additional training. IT systems and support processes have been improved.

### **Future ways of working**

Remote working during the pandemic has had its benefits. However, we expect that more of our staff will return to the office in the future. We are developing plans to retain the benefits of remote working, combined with the valuable aspects of having staff present in a central location.

Technology will play a central role, leading to changes in how we structure and consume IT systems. Organisational culture will also play an important role. To support this change, we have developed a new hybrid working policy which will take effect from January 2022.

In it, we set an expectation that most staff will work in a hybrid manner in the future, spending some of their time both in the office and working remotely.

## **Subsidiary undertaking**

The Trust operates a wholly owned trading subsidiary, Nuffield Trading Limited, which historically carried out non-charitable trading activity for the Trust. At the end of the September 2019 financial year, the decision to absorb these activities into the Charity as non-primary purpose income was made and the subsidiary has since moved to a dormant status. 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: 16 December 2021

# Independent auditor's report to members of the Nuffield Trust

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2021 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2021 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).

## 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain 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.

## Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The Trustees are responsible for the 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. 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. 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.

## Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' 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 Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.
- 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 directors' report and from the requirement to prepare a strategic report.

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

## 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 the Companies Act 2006 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.

### **Extent to which the audit was capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Charitable Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018, Bribery Act 2010 and tax legislation.

- We understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by,

for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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: [www.frc.org.uk/auditorsresponsibilities](http://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.

The image shows a handwritten signature in black ink that reads "BDO LLP". The letters are written in a cursive, slightly slanted style.

Laurence Elliott (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory  
auditor Gatwick, UK

17 December 2021

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 2021

	Note	Unrestricted funds 2021 £'000	Expendable endowment fund 2021 £'000	Total funds 2021 £'000	Total funds 2020 £'000
<b>Income and endowments</b>					
Donations	4	37	–	37	11
Investment income	5	–	2,595	2,595	2,739
Charitable activities	6	935	–	935	943
Other		120	–	120	128
<b>Total income and endowments</b>		<b>1,092</b>	<b>2,595</b>	<b>3,687</b>	<b>3,821</b>
<b>Expenditure</b>					
Raising funds	7	–	510	510	496
Charitable activities	8	4,056	–	4,056	3,932
<b>Total expenditure</b>		<b>4,056</b>	<b>510</b>	<b>4,566</b>	<b>4,428</b>
Realised and unrealised gains on investment assets	13	–	9,205	9,205	2,664
<b>Net income/(expenditure) and net</b>		<b>(2,964)</b>	<b>11,290</b>	<b>8,326</b>	<b>2,057</b>
Transfers	11	2,919	(2,919)	–	–
<b>Net income/(expenditure) and net movement in funds</b>		<b>(45)</b>	<b>8,371</b>	<b>8,326</b>	<b>2,057</b>
Reconciliation of funds – balances brought forward		45	95,130	95,175	93,117
<b>Balances carried forward</b>		<b>–</b>	<b>13,501</b>	<b>103,501</b>	<b>95,175</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 56 to 79 form part of these financial statements.

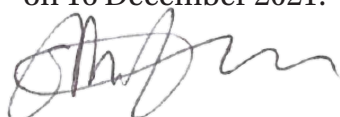
## Consolidated and charity (Company number 00382452) balance sheet at 30 September 2021

	Note	Consolidated 2021 £'000	Consolidated 2021 £'000	Charity 2021 £'000	Charity 2020 £'000
<b>Fixed assets</b>					
Tangible assets	12	1,748	1,795	1,748	1,795
Investments	13	99,707	91,386	99,707	91,386
		<b>101,455</b>	<b>93,181</b>	<b>101,455</b>	<b>93,181</b>
<b>Current assets</b>					
Debtors	14	633	738	633	737
Short term deposits	15	1,775	1,683	1,775	1,683
Cash at bank and in hand		51	51	51	51
		<b>2,459</b>	<b>2,472</b>	<b>2,459</b>	<b>2,472</b>
Creditors: amounts falling due within one year	16	(255)	(351)	(255)	(351)
<b>Net current assets</b>		<b>2,204</b>	<b>2,122</b>	<b>2,204</b>	<b>2,121</b>
Creditors: amounts falling due after one year	17	(157)	(128)	(157)	(128)
<b>Net assets</b>		<b>103,501</b>	<b>95,175</b>	<b>103,501</b>	<b>95,174</b>
<b>Funds</b>					
<b>Expenditure endowment fund</b>	20	103,501	95,129	103,501	95,129
Designated fund	20	0	45	0	45
<b>Total funds</b>		<b>103,501</b>	<b>95,175</b>	<b>103,501</b>	<b>95,174</b>

The surplus attributable to the Charity for the year ended 30 September 2021 was £8,326,000 (2020 – £2,057,000).

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 16 December 2021.



Andrew McKeon, Chair, The Nuffield Trust

The notes on pages 53 to 70 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 30 September 2021

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Cash used in operating activities	24		(3,360)		(3,556)
<b>Cash flows from investing activities</b>					
Dividends and interest from investments		2,595		2,735	
Purchase of tangible fixed assets		(29)		(36)	
Proceeds from sale of investments		8,292		7,120	
Purchase of investments		(7,406)		(6,271)	
<b>Cash generated by investing activities</b>					
			3,452		3,548
<b>Increase/(Decrease) in cash and cash equivalents</b>			92		(7)
<b>Cash and cash equivalents at the beginning of the year</b>			1,734		1,741
<b>Cash and cash equivalents at the end of the year</b>			1,826		1,734
<b>Analysis of cash and cash equivalents</b>					
Short term deposits	15		1,775		1,683
Cash at bank and in hand			51		51
<b>Total funds</b>			1,826		1,734

No reconciliation of net debt has been prepared as the Trust holds only cash and cash equivalents.

# 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, judgements have been made in the process of applying the Charity's accounting policies; 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 and, in determining the correct treatment of our obligations in relation to the USS Pension Scheme.

Management have prepared these financial statements on a going concern basis having obtained sufficient evidence to assess that a material uncertainty does not exist regarding the viability of operations in the foreseeable future.

### 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 2021. 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 62 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 operated a Group Personal Pension scheme administered by Royal London. This is a defined contribution scheme. The Trust is not a member of any other pension schemes. 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.

#### **Contingent Liabilities**

A contingent liability is disclosed where there is a possible obligation, arising from past events, which will only be triggered by the occurrence of one or more uncertain future events not wholly within the trustees' control. In accordance with the Charities SORP, contingent liabilities are disclosed in the notes to the accounts, unless the possibility of their existence is remote. The note includes a brief description of each contingent item and, where practical, an estimate of the financial effect.

## **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. As previously noted, Nuffield Trading Limited has ceased trading activity prior to the beginning of the financial year.

## **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**

	2021	2020
	£'000	£'000
Donation income – seconded staff (note 9)	37	11

## 5. Investment income

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

	2021 £'000	2020 £'000
Investment portfolio	2,595	2,736
Bank interest	0	3
	<b>2,595</b>	<b>2,739</b>

All the investment income of £2,595,000 in 2021 was related to the expendable endowment fund (2020 – £2,739,000).

## 6. Charitable activities

	2021 £'000	2020 £'000
Income from projects	935	943

All the income from charitable activities of £935,000 in 2021 was related to unrestricted funds (2020 – £943,000).

## 7. Raising funds

	2021 £'000	2020 £'000
Investment management fees charged	319	310
Support costs (note 9)	191	186
	<b>510</b>	<b>496</b>

All the expenditure from raising funds

of £510,000 in 2021 was related to the expendable endowment fund (2020 – £496,000).

## 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:

	2021 £'000	2020 £'000
Commissioned work	130	98
Direct spend	123	264
Support costs (as shown in note 9)	3,803	3,570
	<b>4,056</b>	<b>3,932</b>

All the charitable expenditure of £4,056,000 in 2021 was related to unrestricted funds (2020 – £3,932,000).

## 9. Allocation of support costs

	Raising funds	Charitable activities	Total allocated costs	Total
	2021	2021	2021	2020
	£'000	£'000	£'000	£'000
Staff time (nature of the charge)	154	3,034	3,188	3,093
Notional cost of seconded staff (nature of the charge)				
Premises costs (use of area)	12	231	243	231
IT and telephone costs (staff time)	13	248	261	189
Travel and hospitality (staff time)	0	1	1	2
Professional fees (staff time)	1	16	17	13
Communications and PR (staff time)	5	89	94	82
General costs including irrecoverable VAT (staff time)	6	115	121	113
Governance fees (nature of the charge)	–	32	32	22
	<b>191</b>	<b>3,803</b>	<b>3,994</b>	<b>3,756</b>

Trustees' expenses included in general costs above amount to £nil (2020 – £nil). Governance fees include audit fees of £25,000 (2020 – £22,000) and for the charity only £25,000 (2020 – £22,000).

### Secondments and placements

The Trust has benefitted throughout the year from 4 secondments. The Trust gratefully acknowledges the support and has estimated that the value is £37,000 (2020 – 1 person, £11,000).

## 10. Staff emoluments

	2021	2020
	£'000	£'000
Salaries costs	2,481	2,485
Social security costs	271	255
Pension costs	351	320
Other staff costs	150	150
	<b>3,253</b>	<b>3,210</b>

The key management personnel of the charity, as defined by SORP, comprise the Trustees and the Directors within Senior Staff as listed on page 4. The total employee benefits of the Trustees was nil for both 2021 and 2020, for Senior Staff during the year it totalled £642,000 (2020 – £670,000).

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

	2021	2020
	£'000	£'000
Project staff costs, allocated as direct project costs	65	117
Allocated as support costs	3,188	3,093
	<b>3,253</b>	<b>3,210</b>

The average number of employees employed by the group during the year was, by headcount 48 (2020 – 47), by full time equivalent 44 (2020 – 42). All were employed by the charity.

### Higher paid employees – Group and Charity

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

	2021 £'000	2020 £'000
£60,000 to £70,000	5	5
£70,000 to £80,000	4	2
£80,000 to £90,000	–	2
£90,000 to £100,000	2	1
£120,000 to £130,000	1	1
£180,000 to £190,000	1	1

Contributions were made to the Nuffield Trust's Defined Contribution pension scheme for 13 (2020 – 12) higher paid employees.

### 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.

	2021 £'000	2020 £'000
Net expenditure for the year from unrestricted charitable activities	(2,964)	(2,850)
Designated funds expended in the year	45	103
<b>Transfer from expendable endowment to unrestricted funds</b>	<b>(2,919)</b>	<b>(2,747)</b>

## 12. Tangible fixed assets

### Consolidated and parent charity

	Leasehold properties £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 October 2020	2,222	195	2,417
Additions	–	29	29
Disposals	–	–	–
<b>At 30 September 2021</b>	<b>2,222</b>	<b>224</b>	<b>2,446</b>
<b>Depreciation</b>			
At 1 October 2020	(494)	(128)	(622)
Provision during the year	(42)	(34)	(76)
Disposals	–	–	–
<b>At 30 September 2021</b>	<b>(536)</b>	<b>(162)</b>	<b>(698)</b>
<b>Net book value</b>			
<b>At 30 September 2021</b>	<b>1,686</b>	<b>62</b>	<b>1,748</b>
At 30 September 2020	1,728	67	1,795

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

	2021 £'000	2020 £'000
Market value at 1 October 2020	89,975	88,575
Additions	7,406	6,271
Disposals	(5,616)	(6,768)
Unrealised gains	6,812	1,897
<b>Market value at 30 September 2021 (Listed Investments)</b>	<b>98,577</b>	<b>89,975</b>
Short term deposits (Cash and Cash Equivalents)	1,129	1,411
<b>Total investments at 30 September 2021</b>	<b>99,706</b>	<b>91,386</b>
<b>Historical cost of assets held at 30 September 2021</b>	<b>68,073</b>	<b>66,408</b>
The geographical split of investments is as follows:		
UK	83,926	77,759
Overseas	15,781	13,627
	<b>99,707</b>	<b>91,386</b>

#### Realised and unrealised gains on investments

	2021 £'000	2020 £'000
Unrealised gains	6,811	1,897
Realised gains	2,394	767
	<b>9,205</b>	<b>2,664</b>



## 14. Debtors

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Prepayments	105	90	105	90
Other debtors	528	648	528	648
Amounts owed by subsidiary company	–	–	0	0
	<b>633</b>	<b>738</b>	<b>633</b>	<b>739</b>

## 15. Short-term deposits

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Coutts Bank Deposit accounts	1,675	1,583	1,675	1,583
CCLA Term Deposit	100	100	100	100
	<b>1,775</b>	<b>1,683</b>	<b>1,775</b>	<b>1,683</b>

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

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Tax and social security	(0)	-	(0)	(0)
Commissioned work commitment	66	92	66	92
Accruals and other creditors	189	259	189	259
Leasehold obligations	–	–	–	–
	<b>255</b>	<b>351</b>	<b>255</b>	<b>351</b>

## 17. Debtors

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Leasehold obligations	157	128	157	128

## 18. Financial instruments

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

	Group 2021 £'000	Group 2020 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through the statement of financial activities	99,707	91,386
Financial assets that are debt instruments measured at amortised cost	2,458	2,471
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	412	479

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 2021 the fair value of these derivatives was £41,000 (2020 – £41,000).

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.

## 19. Funds

	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
<b>Expendable endowment</b>				
Balance at 1 October 2020	95,130	92,969	95,130	92,969
Excess of expenditure over income from financial activities	11,290	4,907	11,290	4,907
Transfer (to) designated funds	(2,919)	(2,747)	(2,919)	(2,747)
<b>Balance as at 30 September 2021</b>	<b>103,501</b>	<b>95,130</b>	<b>103,501</b>	<b>95,130</b>
<b>Designated fund</b>				
Balance at 1 October 2020	45	148	45	148
Excess of expenditure over income from financial activities	(2,964)	(2,850)	(2,964)	(2,850)
Transfer from expendable endowment	2,919	2,747	2,919	2,747
<b>Balance as at 30 September 2021</b>	<b>0</b>	<b>45</b>	<b>0</b>	<b>45</b>
<b>Total funds</b>				
Balance at 1 October 2020	95,175	93,117	95,175	93,117
Excess of expenditure over income from financial activities	8,326	2,057	8,326	2,057
<b>Balance as at 30 September 2021</b>	<b>103,501</b>	<b>95,174</b>	<b>103,501</b>	<b>95,174</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 external costs of completing internally funded activities for which, through past actions, there is a constructive obligation at the year end.

## 20. Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net assets £'000	Total £'000
Expendable endowment fund	1,748	99,707	2,046	103,501
Designated fund	–	–	–	–
<b>Total funds</b>	<b>1,748</b>	<b>99,707</b>	<b>2,046</b>	<b>103,501</b>

\* Comparative table shown in note 28(a)

## 21. Summarised results for the Trust

Of the group surplus for the year of £8,326,000 (2020 – surplus of £2,057,000), the income and expenditure relating to the Trust is as follows:

	2021 £'000	2020 £'000
Total income	3,687	3,821
Total expenditure	(4,566)	(4,428)
<b>Net expenditure before other gains</b>	<b>(879)</b>	<b>(607)</b>
Realised and unrealised gains on investment assets	9,205	2,664
<b>Net movement in funds</b>	<b>8,326</b>	<b>2,057</b>

## 22. Summarised results for subsidiary entity

Of the group surplus for the year of £8,326,000 (2020 – surplus of £2,057,000), the income and expenditure relating to the Charity's wholly-owned subsidiary entity, Nuffield Trading Limited, is as follows:

	2021 £'000	2020 £'000
Total income	–	–
Total expenditure	–	–
<b>Net income before other gains</b>	<b>–</b>	<b>–</b>
Qualifying distribution under deed of covenant to parent	–	–
<b>Retained funds</b>	<b>–</b>	<b>–</b>
Net movement in funds	–	–
<b>Net assets</b>	<b>–</b>	<b>–</b>

## 23. Staff pensions

The Trust is not a current member of a defined benefit pension scheme. Historically it was a contributing member of the Universities Superannuation Scheme (USS) defined benefit pension scheme.

### 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.

Since October 2020, The Pensions Regulator been involved in this matter, having been contacted by USS Pensions requesting that they issue a payment notice in respect of the Approved Withdrawal Agreement. The Trust co-operated fully with the Regulator and we are awaiting further communication. The last substantive communication was in January 2021.

The Trust's legal advice remains that the liability is not yet due.

### 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, previously administered by Legal & General (until February 2020), now administered by Royal London (since March 2020).

Employees are required to contribute a minimum of 4% of salary and the Trust contributes 14%. All staff, by headcount 48 (2020 – 47) employees are members of the scheme.

The total pension charge for the period for all schemes was £351,000 (2020 – £320,000).

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

	2021 £'000	2020 £'000
Net Income	8,326	2,057
(Gains) on investments	(9,205)	(2,664)
Depreciation of tangible fixed assets	76	65
Decrease/(Increase) in debtors	105	(85)
(Decrease) in creditors	(67)	(193)
Investment income	(2,595)	(2,735)
<b>Cash used in operating activities</b>	<b>(3,360)</b>	<b>(3,556)</b>

## 25. Commitments under operating leases

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

	2021 £'000	2020 £'000
Not later than 1 year	36	36
Later than 1 year and not later than 5 years	144	144
Later than 5 years	2,058	2,094
<b>Total</b>	<b>2,238</b>	<b>2,274</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 and despite recent events disclosed in note 23, the Trust maintains that 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. The value of the liability is calculated at the point that it is triggered, therefore it is not practical to estimate the financial effect of this contingent item.

## 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.

	2021 £'000	2020 £'000
Sales	–	–
<b>Amounts due from Nuffield Trading Limited</b>	–	–

There were no other related party transactions during the year.

## 28. Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net assets/ liabilities £'000	Total £'000
Expendable endowment fund	1,795	91,386	1,948	95,129
Designated fund	–	–	45	45
<b>Total funds</b>	<b>1,795</b>	<b>91,386</b>	<b>1,993</b>	<b>95,174</b>

## 28b. Consolidated statement of financial activities (2020)

	Note	Unrestricted funds 2020 £'000	Expendable endowment fund 2020 £'000	Total funds 2020 £'000	Total funds 2019 £'000
<b>Income and endowments</b>					
Donations	4	11	–	11	45
Investment income	5	–	2,739	2,739	2,675
Charitable activities	6	943	–	943	994
Other		128	–	128	6
<b>Total income and endowments</b>		<b>1,082</b>	<b>2,739</b>	<b>3,821</b>	<b>3,720</b>
<b>Expenditure</b>					
Raising funds	7	–	496	496	549
Charitable activities	8	3,932	–	3,932	3,967
<b>Total expenditure before historic pension costs</b>		<b>3,932</b>	<b>496</b>	<b>4,428</b>	<b>4,516</b>
Historic pension costs	23	–	–	–	–
<b>Total expenditure</b>		<b>3,932</b>	<b>496</b>	<b>4,428</b>	<b>4,516</b>
Realised and unrealised gains on investment assets	13	–	2,664	2,664	4,463
<b>Net (expenditure)/income before transfers</b>		<b>(2,850)</b>	<b>4,907</b>	<b>2,057</b>	<b>3,667</b>
Transfers	11	2,747	(2,747)	–	–
<b>Net (expenditure)/income and net movement in funds</b>		<b>(103)</b>	<b>2,160</b>	<b>2,057</b>	<b>3,667</b>
Reconciliation of funds – balances brought forward		148	92,969	93,117	89,450
<b>Balances carried forward</b>		<b>45</b>	<b>95,129</b>	<b>95,174</b>	<b>93,117</b>



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

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