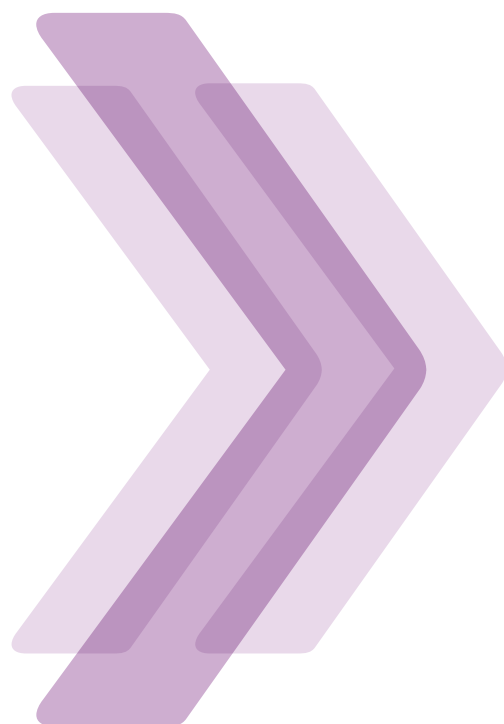


Trustees' annual report and accounts

**For the year ended
31 December 2020**



May 2021

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Message from the Chair and the Chief Executive

Covid-19 cast a long shadow over 2020. The rapid spread of the disease in the early part of the year; the first lockdown; then further surges in cases and deaths towards the end of the year has challenged the health and care system – indeed, the country as a whole – as never before.

Rightly, The King's Fund quickly adapted its workplan to support the wider health and care system as it faced the challenges of Covid-19. This included drawing on our strengths in evidence-based research, for example, to support the switch [to digital working in primary care](#). We also drew on talent across the organisation to provide short, accessible guidance and advice for those leading organisations and teams wherever they may be, through our [Leading through Covid-19](#) initiative. At a time of great uncertainty, we provided a wide range of content to make sense of complex issues, for example, our explainers on [deaths from Covid-19](#) and the [government's approach to testing](#).

However, the year was not just about Covid-19. It was also the first year of [our new strategy](#), with our work organised in four key programmes. Under the Healthier places and communities programme this included research on the integrated care system, place and primary care network agendas, leadership support and the [Leadership for population health open programme](#). For Tackling the worst health outcomes we launched [the Healthy communities together programme](#) (our partnership with The National Lottery Community Fund) and published a [report on measures to support people who sleep rough](#) and a series of explainer content. As well as the Leading through Covid-19 work, under our Supporting people and leaders priority we published reports on the [health and wellbeing of the nursing and midwifery professions](#), and on [race equality in the NHS workforce](#) as well as actively supporting leaders at this exceptionally challenging time. The Foundations of health and care programme – which looks across the health and care landscape and enables us to take the 'whole-system' perspective that underpins our work – also had a busy year with work on the [government's first 100 days](#), the [financial system in the NHS](#) and, of course, [Brexit](#) among much else.

Towards the end of the year, NHS England published new proposals for legislation that have since been incorporated in a government White Paper on NHS reform. We responded quickly both to engage with the emerging proposals and to ensure we were ready to take part in the increasingly public debate over the winter of 2020–21.

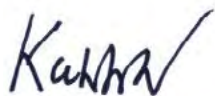
Covid-19 and the restrictions that came with it also presented a great challenge to the Fund and our ways of working. The excellent work of the IT team came to the fore as staff switched to working from home following the closure of the Cavendish Square building in the first lockdown and the continued rules on social distancing throughout 2020. All our staff displayed great determination and innovation in re-designing our previously face-to-face work and moving into the digital sphere. This meant, for example, that as the year progressed **our events programme** re-started and the Leadership and Organisational Development team re-designed its **open programmes** and other delivery work, all on to digital platforms. The great success with which this was done is a testament to the skills of our staff. Lastly, the professionalism and pragmatism of our Facilities team through the ups and downs of the year meant the building was ready (and safe) for staff who needed it and provided a welcome reminder of normality among all the change.

We are fortunate to have an endowment that protects us against fluctuations in our income. Nevertheless, the loss of some key sources of external revenue due to lockdown and continued social distancing requirements led us to develop a medium-term financial plan to replace the shortfall over the years ahead. We made strong progress on this plan toward the latter end of 2020 thanks to the efforts of staff to switch to digital ways of working.

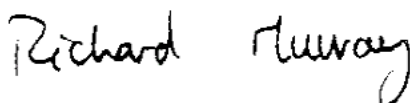
Our organisational development work, as an organisation, evolved over the year, with an increasing focus on staff wellbeing as the key theme in response to the continuing pressures of Covid-19. There was also progress on our **diversity and inclusion agenda**, notably (but not only) following the upsurge in concern following the Black Lives Matter movement, concern which we were initially slow to respond to but have made concerted efforts to catch up.

We welcomed two new Trustees to the Board during 2020, Carolyn Wilkins OBE, Chief Executive of Oldham Council, and Mark Britnell, Vice-Chair and Global Health Expert at KPMG UK. We would like to thank Max Ward and Robin Chute, who stood down as non-Trustee members of our Investment Committee and Facilities and Estates Committee respectively, both offered their valuable expertise and advice to the Fund for many years and we are indebted to them.

Looking to 2021, we will build on our work across our priority programmes, ensuring this meets both our long-term aim of better health and care for all, but also that it is relevant and targeted on the key issues the health and care system faces as it emerges from Covid-19 and takes forward the reform agenda. Some of this work will depend on whether we can secure funding for it, so our plans for 2021 should be seen as a guide to the work we will be doing, rather than a definitive statement of intent. For the Fund as an organisation we also need to take forward our own change agendas: continuing the journey on diversity and inclusion; making ourselves fit for new hybrid ways of working in a way that keeps the best of the digital revolution; and delivering on the medium-term financial plan that repairs the damage Covid-19 has done to our finances.



Lord Kakkar
Chair



Richard Murray
Chief Executive

Objectives and activities

Our vision and values

Our **vision** is that the best possible health and care is available to all. We aim to be a catalyst for change and to inspire improvements in health and care by:

- generating and sharing ideas and evidence
- offering rigorous analysis and independent challenge
- bringing people together to discuss, share and learn
- supporting and developing people, teams and organisations
- helping people to make sense of the health and care system.

Our **values** underpin the work we do:

We are committed to our purpose and independence



We will focus on making the greatest possible impact to achieve our vision of better health and care for all, always contributing from a position of independence.

We act with integrity



We will be honest, bold and challenging, seeking diverse perspectives and experiences, engaging in constructive dialogue and calling out injustice.

We are collaborative and inclusive



We will ensure that everyone feels respected, valued and supported, recognising that we will achieve more by working together and collaborating with others.

We are positive and engaged



We will celebrate success, value learning and promote positive cultures that support people to work at their best.

We strive for excellence



We will strive to produce work of the highest quality, continuously learning to improve everything we do.

Our 2020-24 strategic priorities

Our work spans the breadth of health and care policy and practice, giving us a unique understanding of the strategic context for health and care now and in the future. Within this, we will focus our resources on specific priorities where we believe we can maximise our impact. Working with our staff and people from across the health and care system, we have chosen three areas of focus for the next five years where the opportunity for The King's Fund's skills and resources to improve health and care is greatest, alongside on ongoing focus on our unique position to explain and make sense of the health and care system overall (Foundations of health and care).



Steered by the priorities set out in our strategic plan, our 2020 operational plan set out our objectives for the year.

Our impact

It can be challenging for an organisation that is not directly involved in service delivery or policy-making to measure its impact. Nevertheless, we are committed to evaluating and reporting on our impact. We use several levers to bring about change.

- We explain policy and make sense of the health and care system to support people working in and with the system.
- We shine a light on issues where change is needed through our research and analysis, prompting and informing policy change locally and nationally.
- We offer new thinking, sharing ideas and examples to inform and inspire the future of health and care.
- We work directly with people, teams and organisations to help them develop more effective ways of working and grow the leadership capabilities they need.
- We bring together people with different backgrounds, experiences and perspectives through our events, programmes and networks, using our building to provide safe and stimulating spaces where people can learn and build relationships.
- We advise, support and challenge local and national leaders, applying our thinking, knowledge and understanding to the issues they are facing.

In the next section, we outline our achievements during 2020 and how we have used these levers to deliver impact through our work.

Achievements

In this section, we describe our achievements in 2020 under our four main work programmes. 2020 was a highly unusual year for the health and care system, and the Covid-19 pandemic meant we needed to change many of our plans for year – both to ensure we added the most value to the system when it has been dealing with Covid-19, and to recognise changes in how the system could engage with our work. In some cases that means that the programme priorities we set out in last year's Annual Report were amended. What follows is a summary of the work we have undertaken in each of our four programmes, including work that was directly relevant to the Covid-19 challenge. We outline our plans for 2021 on pages 16 to 19.

Healthier places and communities

What we said in our strategy

Health and wellbeing are profoundly influenced by what happens in places and communities and by how the services operating in a place interconnect. Health and care organisations, local government and other local agencies need to work more closely together, co-ordinating the services they deliver to people. They also need to work in partnership with citizens and communities, and harness the vital contribution of the voluntary and community sector (VCS). These principles are at the heart of a population health approach, which aims to improve health outcomes, promote wellbeing and reduce health inequalities across local populations.

The King's Fund has been at the forefront of developing integrated care, population health and place-based working, building the evidence base, influencing policy and supporting local implementation. We will build on this work, bringing together our unique combination of skills and expertise in policy and leadership development to shape healthier places and communities. We will help those working to improve health and wellbeing in the places in which they live and work by supporting them to collaborate across different organisations, and to draw on the diversity and strengths of their communities.

Our work in this area includes:

- supporting local organisations and communities to work together to improve health and wellbeing
- helping people in the health and care system to develop the relational skills needed to work collectively across organisational boundaries
- ensuring the role of local government, the VCS, and patients and users in improving health and care is fully recognised and harnessed
- understanding the role that digital technologies play in joining up services and giving people greater control over their health and wellbeing
- influencing policy and legislation to support the development of closer partnership-working locally and remove the barriers that can prevent this from happening.

Our work in 2020

We have undertaken work to support the integration of services and the development of place-based partnerships of care. This includes research on place-based partnerships for NHS England, which informed their proposals for legislation, and research into **the progress of London's integrated care systems** (ICSs) for the Greater London Authority (GLA). We hosted a **virtual conference on ICSs**, which was our most popular of the year. We have also provided organisational development (OD) support to a range of different ICS senior teams. We also started a project for NHS England, due to complete in 2021, on how to measure the impact of integration on patient experience.

On support for new primary care networks (PCNs), we published work jointly with the Centre for Mental Health on the gaps and opportunities for **mental health services in PCNs**. We undertook two rapid research projects for the Department of Health and Social Care on the impact of Covid-19 on digital delivery in primary care – on patients' experience of digital delivery, and on the impact of Covid-19 on **how the primary care team worked together**. We also designed and delivered six leadership programmes for PCN clinical directors across the country. The knowledge and experience gained from this work has been used to inform other related pieces of work across the Fund.

On public health, we started a new project, funded by The Health Foundation, on the **experience of directors of public health in leading through Covid-19**. This is a 12-month project, following the same cohort of directors through their leadership journey, that will result in a report in 2021. We ran the next cohort of our **Leadership for population health** programme and held a virtual **population health global summit**, in partnership with NHS England. We have also continued to provide on-site (and virtual) population health development programmes in a range of different places including Oldham and London. The knowledge and experience gained from working with these senior managers and clinicians has informed our understanding of policy implementation.

Tackling the worst health outcomes

What we said in our strategy

It is well known that some groups in the population have significantly poorer health outcomes and worse experiences of using health and care services than others. Tackling this injustice requires broad-based action involving many different organisations and sectors. While much of this depends on addressing the wider determinants of health that lie beyond the reach of the health and care system, the system does have a critical role to play to improve the services it provides to those at greatest risk of poor health and to maximise its contribution to reducing health inequalities by working in partnership with other sectors and services.

Our work on population health has argued that national government should aim to reduce health inequalities in England to the levels seen in the countries with the most equitable health outcomes. To contribute towards this, our work over the next five years will place a greater emphasis on improving health and care for people with the worst health outcomes and experiences of services. We will put population health at the heart of what we do and support the health and care system to work in partnership with others to do all it can to achieve better health for all.

Our work in this area includes:

- understanding the lived experience of those with poorer health outcomes to influence improvements in health and care services for them
- promoting changes to health and care policy and practice that help to improve outcomes for those at greatest risk of poor health
- working with national and local leaders to address barriers faced by people with the worst health outcomes and develop inclusive policies and health and care services that respond to their needs
- exploring the reach, potential and impact of digital technologies in health and care for people in the poorest health
- supporting health and care services to work in partnership with other sectors and services to improve health and wellbeing for people at greatest risk of poor health.

Our work in 2020

In January, we joined forces with The National Lottery Community Fund (TNLCF) to launch **Healthy communities together**, a new initiative to support partnership-working between the VCS, the NHS and local authorities. The programme will see six areas of England benefit from £3 million in grant funding from TNLCF and £850,000 of leadership development support from the Fund to help them develop new partnerships to improve health and wellbeing and tackle health inequalities in their local communities.

People who sleep rough have complex health and care needs and very poor health outcomes. We published a report on delivering **health and care services for people who sleep rough**, based on independent research undertaken with the Centre for Housing Policy at the University of York. This was supplemented by ten prompts for local leaders to support them in improving health and care services for people who sleep rough.

The Covid-19 pandemic has exacerbated health inequalities. Deprived communities and ethnic minority groups have experienced higher infection and mortality rates and have been disproportionately affected by the economic impact of the pandemic. We have drawn attention to these issues through our analysis and commentary which has included publishing long reads on **deaths from Covid-19** and **declining life expectancy in the UK**.

Other work delivered as part of this programme included an [explainer on health inequalities](#), online events on developing [community-based support for people with learning disabilities](#) and [personalising digital tools for this group](#), and podcasts on the [health of prisoners](#) and [Covid-19, racism and the roots of health inequality](#). We also made the case for improving the quality of data collected about the ethnicity of people using the health and care system, including mandatory [recording of ethnicity on death certificates](#), a requirement the government has now acted on.

As this is a new programme of work for the Fund, we also spent some of 2020 defining our approach and scoping work that will be delivered in 2021 and beyond. We will continue to learn as we go, building our understanding and developing the focus of our work, including our approach to working with people with lived experience.

Supporting people and leaders

What we said in our strategy

The workforce crisis in health and care poses the single greatest risk to access to and quality of care. Addressing staff shortages will require a transformation in the way care is delivered and the development of new roles and capabilities. It will also mean making health and care organisations better places to work, creating supportive, inclusive cultures and addressing the unacceptable levels of stress, bullying and discrimination that currently exist.

We will work alongside health and care leaders to ensure there are enough people with the right skills to deliver high-quality, person-centred care, now and in the future. We will support those working in health and care to develop collective, compassionate and inclusive leadership, promoting staff wellbeing and enabling individuals and teams to work at their best. This will build on our previous work examining the health and care workforce, extending our focus to community-based support – including those working in primary and community services, social care services, the VCS, volunteers and others – and combining it with our expertise around leadership and culture. As part of this, we will explore the role digital technologies can play in supporting people working in health and care, and the changes needed to ensure the workforce is equipped for a digital future.

Our work in this area includes:

- understanding staff shortages, the driving forces behind them and how they can be addressed
- promoting a whole-system view of the workforce for health and care, realising the full contribution that can be made by people using services, volunteers and others
- supporting people working in health and care to embed collective, compassionate and inclusive leadership practices and create enabling, supportive organisational cultures
- supporting leaders, organisations and systems to deliver the transformational changes needed across health and care
- providing evidence and insights to enable people working in health and care to make best use of digital technologies.

Our work in 2020

As the pandemic placed unprecedented demands on health and care leaders, we developed a range of practical resources through our **Leading through Covid-19** initiative, using a diverse range of voices and accessible formats to provide support on a wide range of issues during the year. We also held a virtual conference over four days in November focused on **looking beyond the pandemic to transform work and cultures**.

We delivered a range of support to people and leaders including our open programmes for individuals, leadership and organisational development provided directly to teams, organisations and systems, and our programme of conferences and events. The pandemic meant that we had to redesign much of this work so it could be delivered virtually. Despite the continued uncertainty throughout the year and the pressures on the health and care system, we saw increased enquiries for places on our programmes in the latter half of the year and continued to receive requests for commissioned work.

We delivered a range of leadership support to the VCS including **GSK IMPACT Awards winners** and members of our Cascading leadership programme.

We published research on **workforce race inequalities and inclusion in the NHS** drawing on the experiences and reflections of those involved in three case studies and offering key learning on creating fairer workplaces. We also worked with chief executives and NHS organisations across London on the leading for race equality project.

We published *The courage of compassion*, a research report commissioned by the RCN Foundation which explored the causes and consequences of poor mental health and wellbeing among nurses and midwives, and good practice in tackling these issues. The research involved interviews with nursing and midwifery staff across the UK. It generated significant media coverage and follow-up work is under way with a range of stakeholders and clients. We held an online event on the key issues with the RCN Foundation which attracted more than 4,000 registrations.

We provided written and oral evidence to the Health and Social Care Committee Inquiry into workforce burnout and resilience in the NHS and social care drawing on recent work of the Fund and national and international evidence.

We worked with Health Education Improvement Wales to co-design its national offer to senior leaders across the NHS in Wales as it adopted a new national leadership strategy designed to promote compassionate leadership behaviours. We continued to work with colleagues at NHS England and NHS Improvement on the implementation of the NHS People Plan 2020/21 and also with a range of professional bodies in the development of wellbeing support for NHS staff and on the planning for recovery after Covid-19.

Foundations of health and care

What we said in our strategy

Our broad knowledge of the health and care system and the relationships we hold across the system form the foundation of our work. We will continue to provide independent analysis, explain key issues and respond to developments across the breadth of health and care, making sense of a complex and changing landscape. This will include using our independence to speak truth to power and challenge vested interests.

Our work in this area includes:

- providing independent analysis, commentary and research to explain and influence improvements to the way the health and care system is structured and funded
- shaping and influencing external debate on important topical issues that have a profound impact on the health and care system
- tracking, explaining and responding to significant new developments in health and care policy
- making sense of the overarching health and care system for people who work within it or need to understand it.

Our work in 2020

Our work in response to the Covid-19 pandemic included an analysis of [the impact of the virus on the key challenges facing social care](#), an explainer on the [government's approach to Covid-19 testing](#) and a [joint letter](#) with the Nuffield Trust and The Health Foundation to the Health and Social Care Committee on Covid-19's impact on core health and care services. Looking beyond the pandemic, we published [The road to renewal](#) which argued that the long-term response to the crisis must bring about change and renewal to create a better, fairer health and care system, as well as meet the immediate challenge of restoring services.

We published a long read on [how to reform the NHS financial system](#), a briefing on the [role of taxation and regulation in promoting better health](#), and [an independent assessment of the coalition government's public health reforms](#), commissioned by the Local Government Association. In partnership with the Nuffield Trust, we published the [findings from the 2019 British Social Attitudes survey](#) on public satisfaction with the NHS. We published our second annual [Social care 360](#) review of the key trends in adult social care and a [quarterly monitoring report on NHS finances and performance](#) (the other reports were postponed due to the pandemic). We also published a long read assessing the [progress made on health and care during the government's first 100 days](#) in office.

We published a wide range of sensemaking content during 2020. This included explainers on [financial debts and loans in the NHS](#), the [new GP contract](#), [access to medicines in the English NHS](#) and [community pharmacy](#). We also updated other salient content including our explainers on [critical care services](#) and [hospital bed numbers](#), as well as our popular long read on [eight technologies that will change health and care](#).

We ran three modules of our [The NHS explained online course](#) and held two [Health and care explained events](#), where our policy experts discuss how the system works and how it is changing. Other events held during 2020 that contributed to this area of our work included a [conference on improving patient flow](#) in hospitals, a virtual conference held over four days to discuss the impact of the pandemic on the use of [digital technology in health and care](#), and online events on [using data and analytics to underpin better health and care](#), [understanding how patients access medicines](#), and [tackling cyber-threats in health and care](#).

We provided briefings for MPs and peers during the parliamentary passage of the NHS Funding Bill and gave oral evidence to the Health and Social Care Committee's inquiry into the delivery of core NHS and social care services during the pandemic, the House of Lords Public Services Committee's inquiry into the lessons for public services from coronavirus, and the House of Lords Covid-19 Committee's inquiry into the long-term impact on wellbeing of living online. We also held learning sessions for staff from Health and Social Care Committee, members of the Number 10/Treasury Taskforce on Health and Social Care and staff from the Department for Health and Social Care.

Internal change

In addition to our external-facing work, we aim to continuously build on and improve the way we work as an organisation.

Our work in 2020

2020 was intended to be a year of transition in terms of implementing our new strategy. Working during a global pandemic has added an extra level of complexity. Despite this, we have made progress in changing the way we work to deliver our priorities. We are developing our approach to planning so that we can be more agile, learn and make changes as we go to respond to the uncertainty in the external environment.

The Fund's internal organisational development programme focuses on continually improving our culture and the way we do things to live up to our values and become the best organisation that we can be. We have made good progress, particularly in our work to become a more diverse and inclusive organisation (see page 20).

Organisational development has been focused on adapting to the unexpected challenges of working from home during a year of extreme anxiety and uncertainty. The emphasis has been on communication, connection and compassion to support the wellbeing of our staff. It has been a year of learning as we've navigated many new challenges.

Plans for 2021

Our 2020-24 strategy

2021 will be a year of continuity and change for the Fund. Continuity because we remain committed to the priorities we set out in our strategy. Change because being able to deliver on these priorities depends on securing more income, changing the way we work and developing new ways of delivering our products and services. In this section, we describe what our programmes are aiming to achieve in 2021 and some of the work we hope to do under each one. Some of this work will depend on whether we can secure funding for it, so this section should be seen as a guide to our plans for the year rather than a definitive outline of our work programme.

Healthier places and communities

Our work within this programme in 2021 will aim to support local places in the process of recovering from the impact of the pandemic. 2021 will also be a critical year in the ongoing development of place-based system-working in health and care, with the implementation of ICSs across all areas of England from April and potential legislative changes to reinforce this new way of working. Specific commitments in 2021 include the following.

- Research examining the role of local place-based partnerships within ICSs.
- Ongoing support to leaders working in ICSs, integrated care partnerships and PCNs through our leadership courses, consultancy work and events.
- Innovative thinking on the role of communities, including a study looking at community resilience during the pandemic and a major conference.
- Working with NHS England and NHS Improvement to develop local measures of integration that draw on the perspectives of patients and service users.
- Research on the role of public health teams in responding to the Covid-19 pandemic and mitigating the longer-term impacts on local communities.

Tackling the worst health outcomes

The toll taken by the pandemic and its economic impact on disadvantaged communities has strengthened the imperative for reducing inequalities. There are already signs of a greater focus on this within the health and care system, while the government's levelling-up agenda may provide further impetus. We will look to use this context to focus attention on people with the worst health outcomes. As a new programme, we will continue to build our understanding and develop the focus of our work. This will include developing our approach to working with people with lived experience, ensuring that this is at the heart of our work. In 2021, our commitments will include the following.

- Research into placed-based approaches to addressing health inequalities.
- Support, through the Healthy communities together programme, for local areas to develop effective and sustainable partnerships between the VCS, NHS and local authorities.
- Research exploring the risk that increasing reliance on digital technologies could disadvantage different groups and how to minimise the risks of this.
- Research about the impact of the pandemic on disabled people's access to health and wellbeing support.
- Publishing timely, topical sensemaking work, including a briefing on obesity and deprivation.

Supporting people and leaders

As the health and care system emerges from the pandemic, the need to support its people and leaders will be more important than ever. We will continue to work alongside leaders in all parts of the system to build supportive, inclusive cultures that enable health and care staff to work at their best. We will do this through our open programmes, leadership and organisational development work and events. This will include supporting VCS leaders through the GSK IMPACT Awards and Cascading leadership programme. In addition to these our commitments for 2021 include the following.

- Supporting the practice of compassionate and inclusive leadership across systems through a new online offer using the FutureLearn platform and sensemaking content.
- Publishing research on social care leadership.
- Supporting the development of system leadership by developing a new support offer for ICS workforce leads.
- Exploring the changes needed to help organisations and leaders operate effectively in an environment that blends digital and non-digital approaches to service delivery.

Foundations of health and care

As the health and care system emerges from the Covid-19 pandemic, attention will turn to the recovery and plans to reform services. A busy agenda is already emerging with the government having published a White Paper on the future of health and care to be followed by legislation, reforms to the public health system already under way and a potential debate about social care reform. In 2021, our commitments include the following.

- Understanding emerging issues and new areas of interest, including access to medicines and the resilience of the supply chains that support the health and care system.
- Work to influence and inform the debates on the NHS White Paper and forthcoming legislation, plans to reform the public health system and the commitment to reform social care funding.
- Providing new thinking about how the social care market could be reformed through a project with the REAL Centre at the Health Foundation and how government reforms to the public health system are being implemented in practice.
- Continuing our work to support our audiences to make sense of the overarching health and care system, including our highly successful Health and care explained conferences, our online NHS explained course and our Social care 360 report on the key trends in the adult social care sector in England.

Internal change

We are embarking on a significant programme of cultural change to enable us to fulfil the ambitions in our strategy and respond to the impact of Covid-19 on our work. Our 2021 commitments include the following.

- We will set out a new vision for the use of our building; develop our approach to securing new sources of income; and focus on improving our understanding of our costs.
- We will develop our approach to hybrid working to support staff in working more from home while continuing to meet our business needs; develop our use of digital technology in delivering our work; and continue to focus on improving our business systems.
- We will continue to improve our culture by developing as a learning organisation, strengthen our commitment to diversity and inclusion, and focus on the wellbeing of our staff.

Our commitment to diversity and inclusion

The King's Fund is strongly committed to becoming a more diverse and inclusive organisation. As part of a wide-ranging programme of work on diversity and inclusion, we have committed to publishing progress against targets we have set to increase diversity among our senior decision-makers and to publish data on the diversity of our staff.

Senior decision-makers

For these purposes, we are currently focusing on gender and ethnicity. The targets we committed to are:

- 50/50 gender balance among senior decision-makers¹, the Board and committees, and our General Advisory Council by the end of 2020
- across the same groups, 20 per cent to be from Black and ethnic minority backgrounds by 2022
- no all-male committees.

The position at the end of 2020 is set out below.

	Target	Decision-makers (39)	Board and committees (16)	General Advisory Council (25)
Male	50%	51% (20)	69% (11)	48% (12)
Female	50% (2020)	49% (19)	31% (5)	52% (13)
Black and ethnic minority background	20% (2022)	10% (4)	13% (2)	24% (6)

We were close to being on target for gender diversity among our senior decision-makers but missed it more substantially among the Board and committees. We met the gender diversity target for our General Advisory Council. One of our committees (the Investment Committee) remains all male.

We have until 2022 to meet our targets for ethnic diversity but have some distance to go for senior decision-makers and the Board and committees.

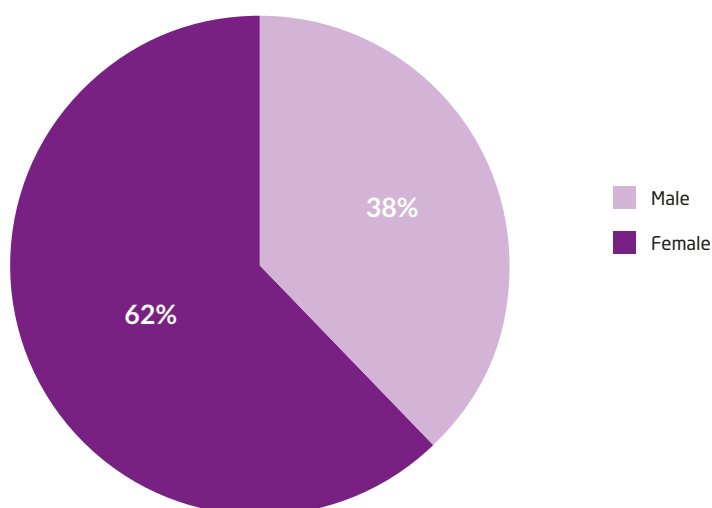
¹ The senior decision-makers group comprises Trustees, committee members, directors and 17 other senior staff.

We have made good progress on diversity and inclusion in recent years and introduced a number of changes to encourage greater diversity in our selection process. However, it is clear that we have more work to do, in particular to increase female representation on our Board and committees and, if we are to meet our 2022 targets, to increase ethnic diversity among our senior decision-makers. We will review our approach to these targets during 2021. In the meantime, we are redoubling our efforts to increase diversity when we recruit new staff, Trustees and committee members.

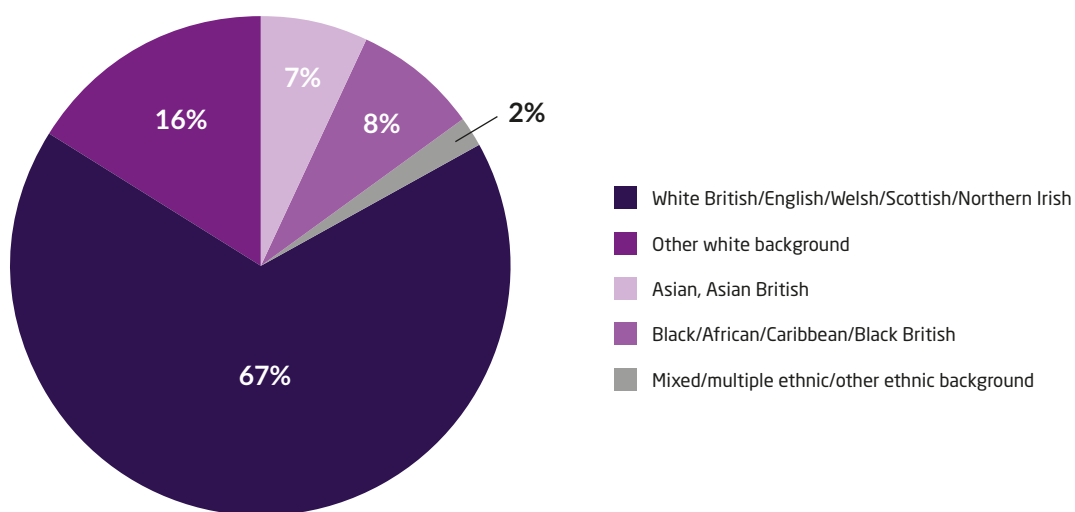
Our staff

During 2020, we collected data from our staff to enable us to track the diversity of the organisation over time. 121 of 132 (92 per cent) of staff submitted their data, giving us a near complete picture of the diversity of our staff.

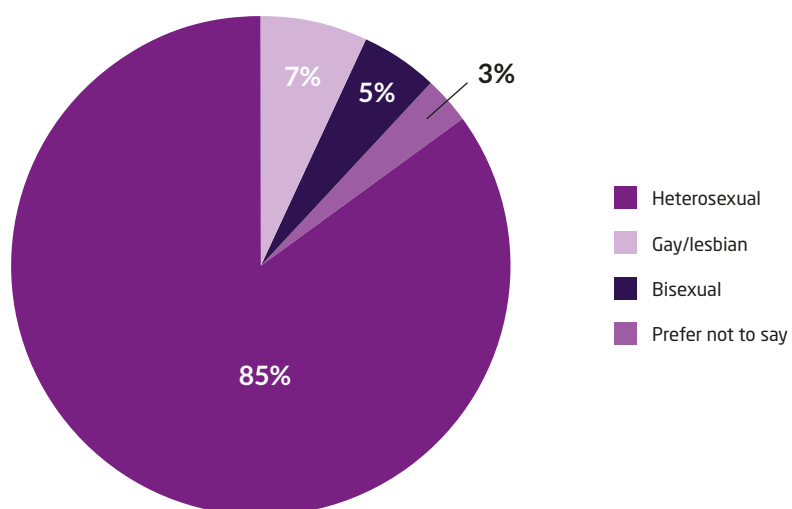
Characteristics of staff at The King's Fund: gender



Characteristics of staff at The King's Fund: ethnicity



Characteristics of staff at The King's Fund: sexual orientation



Our diversity and inclusion work programme

The targets we have set are part of a wide-ranging programme of work to support our commitment to diversity and inclusion. This work has included:

- launching a diversity mentoring scheme which sees senior leaders mentored by members of staff from different backgrounds
- implementing changes to our recruitment and selection processes
- creating intern roles aimed at attracting people from under-represented groups
- establishing a helpline to enable colleagues to raise concerns about the behaviour of colleagues or negative experiences at the Fund
- making a number of commitments to address anti-Black racism in response to Black Lives Matter
- establishing staff networks for Black and LGBT+ colleagues.

Our commitment to diversity and inclusion is also reflected in our external work programme. For example, in 2020, we published research into workforce race inequalities in NHS providers and worked with senior leaders and NHS organisations across London on leading for race equality (see page 12).

In 2021, we will continue this work with a particular focus on Black representation and equality, recruiting for diversity, developing our approach to allyship and promoting diverse voices in our work.

Financial review

Review of income and expenditure for the year ended 31 December 2020

Total income for the year amounted to £8.3 million (£12.0 million in 2019), of which £3.7 million (£5.0 million in 2019) was generated from charitable activities and £4.6 million (£7.0 million in 2019) was derived from other sources, namely investments, donations and legacies and other trading activities.

Income was adversely affected from March 2020 due to Covid-19. Social distancing and building closure reduced the income we could generate from conference and catering (running our Venue) to £0.5 million (£2.5 million in 2019). We also had reduced income from bringing people together (our Events programme), developing individuals, teams and organisations (our Leadership and Organisational Development work) and tenancies. As the year progressed the overall impact on charitable income was mitigated by Events and Leadership and Organisational Development work moving online and increasing the income from Research and Analysis. Investment income remained relatively stable, with decreases in the investment portfolio income being compensated for by there being a full year of rental income for the Dean's Mews development.

Costs were managed tightly in 2020, with decisions to reduce recruitment and discretionary expenditure to minimise the additional withdrawal from the endowment. Total expenditure of the Fund in 2020 was £14.3 million (£16.5 million in 2019).

Expenditure on charitable activities remained stable at £12.5 million (£12.8 million in 2019). Expenditure on other trading activities reduced to £1.2 million (£3.1 million in 2019) as a result of the impact of Covid-19 on income-generating activities.

The average number of staff employed by the Fund during the year was 143, an increase of 4 from 2019. This was primarily due to an increase in fixed-term staff recruited for maternity cover. Total staff costs before final salary pension adjustments during the year were £9.7 million, an increase of 0.3 per cent compared with 2019. Further analysis is shown in note 9 to the accounts.

The Fund's operating deficit for the year was £6.0 million, increased from the £4.4 million operating deficit in 2019 as a result of the impacts of Covid-19 described above. We budget for operating deficits which are set at a level with a view to maintaining the long-term value of the investment capital in real terms. The withdrawal in 2020 exceeded our budget because of the impact of Covid-19 and we plan to reduce the drawdowns in future years to compensate for this. Net gains on investments during the year were £6.6 million, (£16.9 million in 2019). Further details on investment performance are set out below.

Net assets at 31 December 2020

The Fund's consolidated net assets at 31 December 2020 were £206.6 million. This represents a decrease of £5.5 million (2.6 per cent) compared with the net assets at 31 December 2019. The decrease is due to the Fund's net income during 2020 of £0.7 million (comprising the net gain on investments of £6.6 million less the operating deficit of £6.0 million) and the actuarial loss of £6.2 million on the defined benefit pension scheme.

Net assets at 31 December 2020 comprise fixed assets of £217.9 million, net current liabilities of £0.9 million and a defined benefit pension scheme liability of £10.5 million. Fixed assets comprise tangible fixed assets of £54.0 million, intangible fixed assets of £0.1 million and fixed-asset investments of £163.8 million.

During the year, the book value of tangible fixed assets decreased by £0.8 million due to depreciation of £1.0 million exceeding capital expenditure of £0.2 million. The main items of capital spend during the year were laptops and network equipment.

The intangible fixed assets book value decreased by £0.1 million due to depreciation of £0.1 million and no capital expenditure.

The value of fixed-asset investments increased during the year by £2.6 million. This is due to £4.0 million of capital being withdrawn during the year to cover the Fund's cashflow needs, offset by net valuation gains of £6.6 million as set out in note 13 to the accounts.

Investment performance

The strategic allocation and the actual allocation at the end of the financial year are shown below.

Asset class	Strategic allocation %	Minimum %	Maximum %	Actual allocation % 2020	Actual allocation % 2019
Cash	0			2.4	0.5
Government bonds	5			2.7	4.7
Corporate bonds	5			3.5	4.7
Total cash and bonds	10	8	13	8.6	9.9
UK equities	30	26	34	25.5*	28.8
Overseas equities	30	26	34	31.2	29.2
Emerging market equities	15	12	18	16.4	14.4
Private equity	0	0	5	2.0	2.0
Total equities	75	72	77	75.1	74.4
Property	15	12	18	16.3	15.7
Total alternatives	15	12	18	16.3	17.7
TOTAL	100			100.0	100.0

* The portfolio was very marginally outside the minimum range for UK equities due to the relatively weaker UK market performance in 2020 and this will be redressed in the first quarter of 2021.

The value of the Fund's total investments at 31 December 2020, comprising publicly quoted equity and bonds, private equity and property, was £163.8 million (£161.1 million in 2019). These investments produced income, net of investment management fees, of £2.2 million during the year and this income, together with £4.2 million of investment capital, was withdrawn during the year to cover the Fund's cashflow needs. After allowing for these withdrawals, the investments generated a total gain of £6.6 million (4.1 per cent, which is above the Fund's long-term objective as set out in the Financial strategy and reserves section below).

Donations and legacies

The Fund gratefully acknowledges donations and/or legacies received from the following during the past year: Her Majesty The Queen, D and KL Welbourne, D Emerson and anonymous donors.

Financial strategy and reserves

The Fund's financial strategy is guided by its policies on expenditure, reserves and investments. The Fund's policy on expenditure is to ensure that it has sufficient resources to meet its charitable objectives over the medium term. The Fund generates money from a variety of activities that support or are complementary to its core purpose and make best use of its assets. As the money the Fund generates is insufficient to cover its total expenditure, a proportion is drawn from investment capital. In agreeing the level of resources, Trustees are mindful of their responsibility for the stewardship of the Fund's long-term mission. Trustees take a risk-based approach, which aims to balance the Fund'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 Fund's total reserves at 31 December 2020 were £206.6 million. As set out in note 18 to the accounts, £137.2 million of this represents the expendable endowment (all of which is included in fixed-asset investments), restricted funds have a deficit of £25,000 (a deficit of £1,000 in 2019) and the remaining £69.4 million represents unrestricted funds, £54.0 million of which could only be realised by disposing of fixed assets that are currently used by the Fund in its activities.

The Fund's policy on reserves is based on recognising the long-term nature of its work and the continuing need for financial support. The expendable endowment, restricted funds and the unrestricted reserves are managed as a pooled investment with the intention of providing financial support today and for the foreseeable future. After taking into account the reserves set aside to match the £10.5 million deficit on the defined benefit pension scheme, the Trustees consider reserves to be at an appropriate level.

The Fund's policy on investments is to take a long-term approach, investing globally across a range of assets with the intention of preserving its value in real terms after allowing for expenditure. As a charity committed to improving health we do not have any direct or indirect investments in the tobacco industry.

The Fund's investment strategy is to manage the portfolio based on a total return, ie, income and capital combined. The Fund has an asset allocation that is geared towards equities because of their higher expected returns in the long term, while maintaining an appropriate level of liquidity to meet expenditure commitments in the near future. The reference date for the purpose of assessing the real value of the investments is 1 October 2019. Trustees review the amount that they spend from investments periodically, balancing the expected demand for resources with the likelihood of future investment returns. The Trustees recognise that each year

the Fund will need to withdraw the investment income and some of the investment capital to bridge the gap between its annual income and expenditure, and they set the budget accordingly.

Between 1 October 2019 (the reference date) and 31 December 2019, after income and capital withdrawals the value of the Fund's investments has increased in real terms (above the retail prices index) by £2.4 million.

How the Fund is constituted and governed

Our charitable objects

The King's Fund is incorporated by Royal Charter and is governed by the provisions and byelaws of the Charter. The Charter sets out the charitable objects of the Fund, which are the promotion of health and the alleviation of sickness for the benefit of the public, by working with and for health care organisations, provided that such work will confer benefit, whether directly or indirectly, on health care in London. In this context, 'health care organisations' means those organisations involved in the commissioning, monitoring or supply and provision of health care.

Working for the public benefit

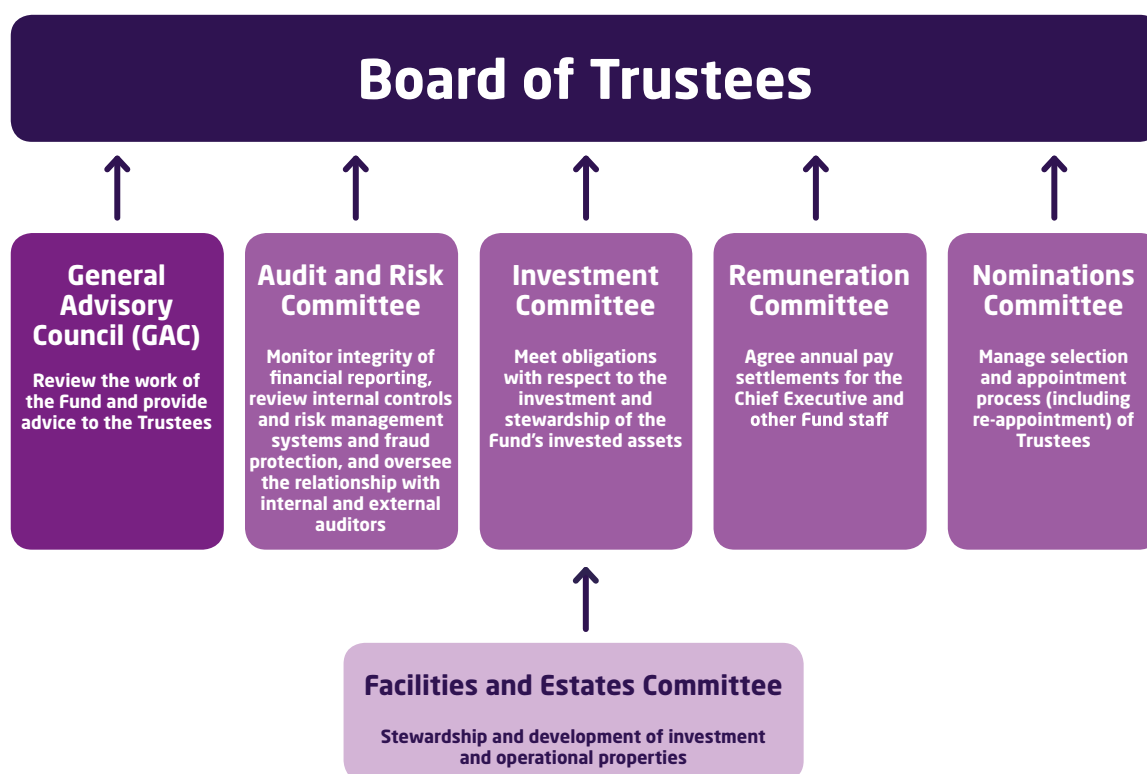
Our vision that the best possible health and care is available to all ensures that we work for the benefit of the public. We aim to deliver our vision and mission through a strategic plan and annual operational plans, which are approved by the Fund's Trustees. In approving these plans, the Trustees are mindful of the Charity Commission's general guidance on public benefit and their duty to ensure the Fund is carrying out its purpose in relation to this. In particular, the Trustees consider how activities will contribute to the aims and objectives they have set.

Governing body and committees

The Board of Trustees meets six times a year to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to the operations of the Fund. One of the meetings is designated the Annual General Meeting, at which the Trustees' Annual Report and Accounts for the preceding year are considered and approved.

The General Council (known as the General Advisory Council or GAC), established in accordance with the Royal Charter meets twice a year. Members act as a source of intelligence on the key issues and challenges in the health system and use their collective expertise to reflect on the Fund's activities and impact. The members of the GAC are appointed by the President on the recommendation of the Chief Executive for a period of up to three years. Details of the current members of the GAC, and those who served during the year, are set out on pages 39–40.

The Board of Trustees has established a number of committees to support it in its work, as outlined below. Non-Trustee members of the Investment Committee (Robert Holmes and John McLaughlin) and the Facilities and Estates Committee (Andy Dole and Anna Rule) bring valuable expertise in the specific areas which these two committees are responsible for.



Trading subsidiary

KEHF Ltd is a wholly owned trading subsidiary of The King's Fund. The principal activities of the company include those that are not the primary purpose of or within the Fund's charitable objectives, including the letting of conference facilities owned by The King's Fund and related catering services, sponsorship for some of the Fund's events and income from corporate partners and supporters. 100 per cent of the taxable profits of KEHF Ltd are paid to The King's Fund, under the gift aid scheme. A list of Directors, who are appointed by The King's Fund, is included on page 40. More information about the trading company is included on page 63 of the financial statements.

Recruitment and appointment of Trustees

Trustees are appointed for an initial term of three years and may be re-appointed for a second term and, exceptionally, a third term. Appointment as a Trustee is open to any suitably qualified member of the public. At the end of 2019, a process for appointing

new Trustees to vacancies on the Board was proposed by the Nominations Committee and approved by Trustees. The vacancies were advertised in the press and on the Fund's website. Staff and Trustees shared the information with their own wide range of networks and several online recruitment platforms were used in order to reach as wide a pool of candidates as possible. The recruitment process was concluded in 2020 with the appointment of Carolyn Wilkins and Mark Britnell in April. In preparation for a second round of recruitment during 2021, when additional vacancies on the Board become available, the Nominations Committee carried out a skills audit and identified a number of gaps, which will be filled during 2021.

Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Fund and their responsibilities as a Trustee. The Chair of Trustees meets with each Trustee annually to review performance in the past year and to discuss the year ahead.

Details of the Fund's current Trustees, and those who served during the year, are set out on page 38.

Board review/evaluation

The Board usually reviews its performance annually at an awayday held in May when Trustees reflect on how well they are fulfilling their duties. They use the principles of leadership, integrity, decision-making, Board effectiveness, diversity, openness and accountability as included in the Charity Governance Code to ensure high standards of governance and to support continuous improvement. Trustees agreed that this could not be done effectively virtually and so did not review Board effectiveness during 2020.

Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, who is responsible for delivery of the strategic direction and management of the Fund. The Chief Executive, together with the Senior Management Team, develops strategy, plans, programmes and policies for the Fund, which the Board approves.

A governance framework for the Chief Executive, setting out the authority delegated to the Chief Executive has been approved by the Board of Trustees and is reviewed every three years and when a new Chief Executive is appointed.

Senior Management Team

The Senior Management Team works within the framework set by the strategic plan and the annual operational plan, which sets out the detailed work programme in different areas of activity. It monitors, reviews and takes action to ensure performance

against strategic goals and on risks and issues escalated by the Portfolio Board and the Operations Committee.

Details of the current members of the Senior Management Team, and those who served during the year, are set out on page 41.

Portfolio Board

New internal governance arrangements were introduced at the start of the year to support and deliver the strategic priorities for 2020–24. A Portfolio Board provides strategic oversight of the Fund's four programmes:

- Supporting people and leaders
- Tackling the worst health outcomes
- Healthier places and communities
- Foundations of health and care.

The Board ensures that a high-impact portfolio of work is developed and delivered.

Operations Committee

The Operations Committee oversees internal projects related to systems, processes or infrastructure in order to help the Fund achieve the greatest impact.

Managing key corporate risks

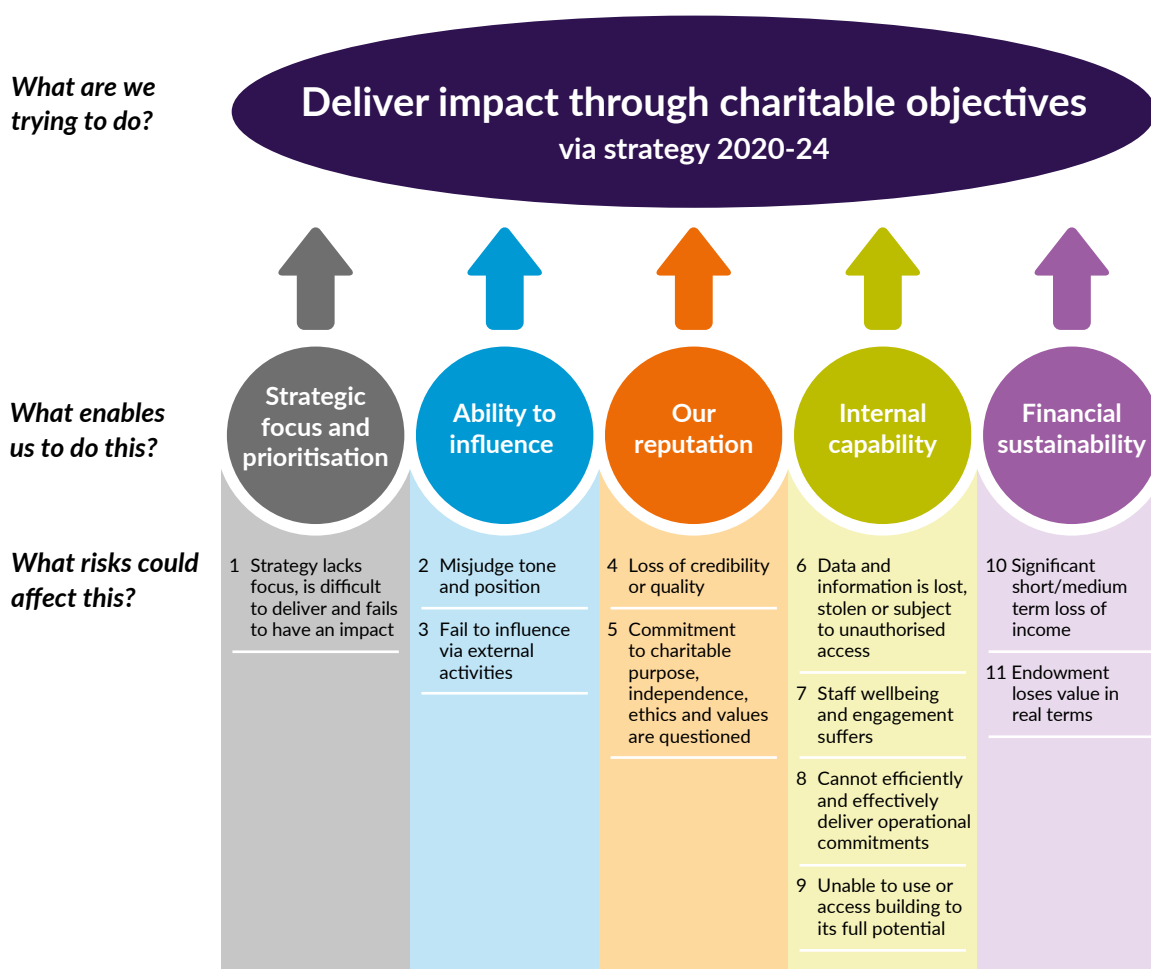
The key corporate risks to the Fund are those that affect the organisation as a whole; they may be influenced by a range of factors including what's happening in the external environment, the nature of activity under way, and planning considerations for the coming year.

The amount and type of risk that the Fund is willing to take in order to meet its strategic objectives is determined by the Trustees and formally reviewed annually. Our approach to risk management aids decision-making as it highlights areas of opportunity and concern, supports understanding and challenge of the risk controls in place and helps to determine how much further effort is required to mitigate key risks in the Fund's risk register.

The Fund applies a process that categorises and scores each risk by considering its cause, likelihood, impact and mitigation. Based on this we determine whether further action needs to be taken. The Trustees are satisfied with the procedures that are in place to review the risks, ratings, controls and action plans to mitigate the Fund's exposure to risk.

In 2020 risks were grouped according to whether their impact was on our strategic focus, ability to influence, reputation, internal capability or our financial sustainability as outlined in the figure below. The impact of Covid-19 on the Fund across all five areas was closely monitored, with activity to identify heightened risk and incorporate this into the corporate risk register, increased frequency of informal updates and increased formal reporting between management and relevant governance bodies. The Fund also developed a specific, standalone plan of action to mitigate the financial impact on the pandemic on the Fund..

Key corporate risks



Management of risk

Risk	Management of risk
Strategic focus and prioritisation	<p>This area of risk was added in 2020 to reflect the fact that this was the first year of delivering against a new strategy. The Fund has sought to maintain the high level of visibility and engagement that staff had during the strategy development process as it has moved into implementation, via ongoing internal comms through various channels.</p> <p>The Fund put in place a revised structure for its internal governance aligned to the new strategy. This includes oversight of its portfolio of programmes as well as developing an approach, decision-making process and roles for programme working.</p>
Ability to influence	<p>The Chief Executive is accountable for all public statements relating to matters of major significance, working closely with directors to agree positioning statements. This is supported via robust discussion and challenge with directors and Trustees and supplemented by intelligence gathered from monitoring the external environment, conversations with national bodies, local service leaders, GAC and competitor/partner organisations, and regular review of web statistics, data from initial impact assessment of outputs, market research and perception research.</p>
Reputation	<p>The Fund keeps up to date with legal and regulatory requirements and recommended practice for charities, making disclosures on its website around income sources, decision-making and maintaining its independence.</p> <p>Policies, contracts and agreements are used to set out the Fund's position and protect its intellectual property, to ensure the quality of the Fund's outputs, address ethical issues, retain editorial independence and recognise the origin of funding. The charity tries to ensure all staff and Trustees understand and adhere to the values, ethics and culture of the organisation. There are also policies and procedures in place to cover areas such as conflicts of interest and whistleblowing.</p>
Internal capability	<p>We invest in building our internal capabilities through supporting learning and development, as well as valuing and practising openness, collaboration and inclusivity. There is a cross-Fund focus on continuous improvement and the development of effective systems, processes and ways of working.</p> <p>The Fund has an information governance function to support it to comply with regulatory and other requirements for managing business information and developing/maintaining information standards in line with best practice.</p> <p>A business continuity plan is in place to ensure that the Fund can continue operating after a major incident or external event (such as Covid-19), even if the building is inaccessible for a prolonged period. The IT infrastructure is designed to maximise resilience and policies and processes are in place to ensure appropriate use and security of data.</p> <p>This is one of the areas in 2020 the Fund deemed most vulnerable to the impact of Covid-19, in terms of:</p> <ul style="list-style-type: none"> the effect on staff wellbeing and engagement. The Fund has worked on proactive and transparent internal comms around staff wellbeing, feedback from staff via questionnaire and pulse surveys, the role of line managers and flagging specialist support already in place (ie, staff counsellor), as well as making wellbeing an ongoing internal priority for 2021 inability to use the building. The Fund has implemented key elements of its Business Continuity plan and developed new mechanisms and channels for formal and informal communication, supported by rapidly rolling out the use of MS Teams to enable the majority of its staff to work remotely.

Risk	Management of risk
Financial sustainability	<p>The Fund's investments are actively managed and reviewed by an Investment Committee, which sets a strategic asset allocation and associated performance benchmark and balance risk against benchmark returns with a diversified portfolio of asset classes. Investment performance is visible to Trustees and senior management in the monthly review of finances.</p> <p>Short- and long-term financial plans are maintained, and progress is monitored regularly by Trustees and the Senior Management Team. Oversight of the defined benefit pension scheme is maintained, and this liability is considered alongside other financial risks.</p> <p>This was the other key area impacted by Covid-19 in 2020, due to loss of income. The Fund agreed a plan to mitigate this with Trustees and has developed a focus on supporting sustainable income generation from a diverse range of sources during 2020 and beyond.</p>

Maintaining our independence

Our independence is important to us. We recognise that to make the impact we seek in health and social care there must be confidence in the objectivity of our research and analysis and the freedom to determine our own priorities.

We protect this independence in a number of ways, as the following examples illustrate.

Our funding

As a charitable foundation, The King's Fund has an expendable endowment, which, together with other funds held for investment, provides the Fund with a valuable source of income. We also obtain funds by withdrawing a portion of the investment capital each year, in line with our financial strategy. In 2020, the charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

These sources of funds are not adequate to fund all our activities but guarantee a consistent and completely unrestricted stream of funding. The sources of our other income are set out in the Consolidated Statement of Financial Activities and include charitable activities, trading activities, and donations. The sources of our income from charitable and trading activities are also very diverse: no single organisation contributes a sufficient proportion of income to create a reliance or significant risk to the organisation were it to be withdrawn. This provides further reassurance that our objectivity can be maintained.

Further details of how we are funded can be found on our [website](#).

How we set policy

Our reputation and influence depend in part on the quality and independence of our published work. A description of the arrangements put in place to assure quality and independence can be found on our [website](#). This information details the roles of our Board of Trustees and executive team and the nature of internal and external review at the Fund.

Our partnerships

We maintain partnerships with a range of organisations through our [Corporate Partners and Supporters scheme](#). In order to ensure that these relationships (which provide approx 5 per cent of our total income) do not have any impact on our independence, we have a robust [ethical collaboration policy](#) in place.

Conflicts of interest policy

Trustees, committee members and senior members of staff are required to recognise and deal appropriately with conflicts of interest. We recognise that even the perception that there is a conflict of interest could damage our reputation. Trustees, members of committees established by the Board of Trustees, members of the board of KEHF Ltd, senior members of staff (the Senior Management Team) and any other people as requested by the Trustees complete declarations of interest forms annually. All interests, rather than just those which the person completing the declaration considers relevant, are declared. This avoids the exclusion of any interests which others may perceive to be potential conflicts.

The Fund's Register of all Interests is reported to the Audit and Risk Committee and to the Board of Trustees annually. It is made available to the Fund's auditors and is published on the Fund's website.

Remuneration policy

The King's Fund believes that to attract and retain the calibre of staff we need to deliver our charitable objectives our remuneration policy should provide salaries that are competitive in our sector; be considered fair, equitable and transparent; allow for pay progression over time and deliver arrangements that are sustainable within the available resources.

The Fund operates an incremental pay scale for most of its staff, underpinned by a factors-based job evaluation system. The scale comprises grades from 1 to 8c, each with a minimum and maximum point and normally five incremental points in between.

Salaries are reviewed annually, and the Fund has the option to increase scale points by an agreed percentage. Any such increase takes effect from the following 1 January.

The Board of Trustees has delegated responsibility for determining matters of pay and pay-related benefits to its Remuneration Committee.

The Committee meets routinely in the winter to agree the following year's percentage increase and arrangements for executive pay. In agreeing the pay award, the Committee considers indicators in the wider economy; the levels of award that have been made by organisations the Fund compares itself with; and affordability. At the meeting held in October 2020, the Committee recognised the need to be more prudent than ever and recommended a freeze on the discretionary pay rise for 2021 which Trustees agreed.

Reference and administrative details

Registered office

The King's Fund
11–13 Cavendish Square
London
W1G 0AN

Charity number

1126980

Company number

RC000826

Patron

Her Majesty The Queen

President

His Royal Highness The Prince of Wales

Board of Trustees

The Trustees who served during the year and since the year end were:

Dr Mark Britnell [from April 2020]

Dame Ruth Carnall

Dr Jane Collins

Dominic Dodd

Simon Fraser

Rt Hon Professor Lord Kakkar (Chair) [from 1 January 2020]

Dr Aseem Malhotra

Sir Jonathan Michael [to March 2021]

Rt Hon Jacqui Smith

Dr Carolyn Wilkins OBE [from April 2020]

Sub Committees

The committee members serving during the year and since the year end were:

Investment Committee

Simon Fraser (Chair)

Robert Holmes

Rt Hon Professor Lord Kakkar

John McLaughlin

Max Ward [to November 2020]

Remuneration Committee

Dame Ruth Carnall (Chair)

Simon Fraser

Rt Hon Professor Lord Kakkar

Sir Jonathan Michael [to March 2021]

Nominations Committee

Dame Ruth Carnall

Simon Fraser

Rt Hon Professor Lord Kakkar

Sir Jonathan Michael [to March 2021]

Audit and Risk Committee

Dr Jane Collins

Dominic Dodd (Chair) [from April 2021]

Sir Jonathan Michael (Chair) [to March 2021]

Facilities and Estates Committee (sub-committee of the Investment Committee)

Robin Chute [to November 2020]

Andy Doyle

Simon Fraser (Chair)

Rt Hon Professor Lord Kakkar

Anna Rule

General Council

The members serving during the year and since the year end are:

Dr Kamran Abbasi – Executive Editor, *The BMJ*

Lord Victor Adebawale CBE – Chief Executive, Turning Point

Samantha Allen – Chief Executive, Sussex Partnership NHS Foundation Trust
[from March 2020]

Professor Kate Arden – Director of Public Health, Wigan Metropolitan Borough
Council [from March 2020]

Samira Ben Omar – Head of Engagement and Partnerships, North West London
Collaboration of Clinical Commissioning Groups [from February 2021]

Kay Boycott – Former Chief Executive, Asthma UK and British Lung Foundation

Stephen Chandler – Corporate Director for Adult Services, Oxfordshire County Council [from March 2020]

Emma Colyer MBE – Chief Executive, Body and Soul [to December 2020]

Professor Yvonne Doyle CB – Regional Director, Public Health England

Dr Navina Evans – Chief Executive, Health Education England

Hannah Farrar – Chief Executive, Carnall Farrar

Ceinwen Giles – Director, Shine Cancer Support

Dr Nick Harding OBE – Chair, Sandwell and West Birmingham Clinical

Commissioning Group

Jatinder Harchowal MBE – Chief Pharmacist/Head of Quality Improvement, The Royal Marsden NHS Foundation Trust [from February 2021]

Angela Helleur – Chief Nurse, Lewisham and Greenwich NHS Foundation Trust [from March 2020]

John James OBE – Chief Executive, Sickle Cell Society [from February 2021]

Fatima Khan-Shah – Executive Lead, Unpaid Carers Programme, West Yorkshire and Harrogate Health and Care Partnership [from March 2020]

Dr Nikita Kanani – Acting Director of Primary Care, NHS England

Sir Ron Kerr CBE – Senior Adviser to the Board, Guy's & St Thomas' NHS Foundation Trust [to December 2020]

Lord Kerslake – House of Lords [to December 2020]

Jonathan McShane – Chair, Terrence Higgins Trust [from March 2020]

Professor Nicholas Mays – Professor of Health Policy, London School of Hygiene and Tropical Medicine

Ben Page – Chief Executive, Ipsos MORI

Sarah Pickup OBE – Deputy Chief Executive, Local Government Association

Charlotte Ramsden – Strategic Director for Children and Adult Services, Salford City Council

Martin Reeves – Chief Executive, Coventry City Council

Jeremy Taylor – Former Chief Executive, National Voices and patient champion [to December 2020]

Hardev Virdee – Group Chief Financial Officer, Barts NHS Foundation Trust

KEHF Ltd Board of Directors

Dominic Dodd [from April 2021]

Simon Fraser

Sir Jonathan Michael [to March 2021]

Richard Murray

Anna Rule

Matthew Tolchard

Senior Management Team

Chief Executive – Richard Murray

Director of Policy – Sally Warren

Director of Finance and Operations – Paul Clough

Director of Leadership and Organisational Development – Suzie Bailey

Director of Communications and Information – Patrick South

Director of HR – Shirley Collier

Key advisers

Bankers

National Westminster Bank Plc

250 Regent Street

London W1B 3BN

Solicitors

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Actuaries

Buck Consultants Limited

160 Queen Victoria Street

London EC4V 4AN

Auditor

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

Investment Advisers

Stanhope Capital LLP

35 Portman Square

London W1H 6LR

Investment Property Manager

Savills plc

33 Margaret Street

London W1G 0JD

Old Basing Estate Monitoring Agent [from July 2020]

Bidwells

25 Old Burlington Street

London W1S 3AN

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and Accounts in accordance with applicable law and regulations.

Under charity law the Trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of their net outgoing resources for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- 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 accounts
- prepare the accounts on the going-concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011. 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.

Signed on behalf of the Trustees



Lord Kakkar

Chair

- 12 May 2021

AUDITOR'S REPORT AND ACCOUNTS

Independent auditor's report to the Trustees of The King's Fund

Opinion

We have audited the financial statements of The King's Fund for the year ended 31 December 2020, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2020 and of the group's net movement in funds 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 Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity or
- sufficient accounting records have not been kept or
- the parent charity financial statements are not in agreement with the accounting records and returns or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 42, the Trustees 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 determine 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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.

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, employment law and health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, the Charities SORP and FRS 102.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the valuation of investment property, the stage of completion of contracted work, and the valuation of the defined benefit pension scheme liability. Audit procedures performed by the engagement team included:

- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- reviewing the controls and procedures of the Charity to ensure these were in place throughout the year, including during the Covid-19 remote working period
- evaluating management's controls designed to prevent and detect irregularities
- reviewing and testing journal entries made in the year, particularly those made as part of the year-end financial reporting process
- challenging assumptions and judgements made by management in their critical accounting estimates including the valuation of investment property and the stage of completion of contracted work
- reviewing the assumptions and judgements used by the professional actuary in relation to the defined benefit pension liability.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

- 12 May 2021

Haysmacintyre LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated statement of financial activities

for the year ended 31 December 2020

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Total 2020 £000	Total 2019 £000
Income and endowments from:						
Donations and legacies		2	-	-	2	5
Charitable activities						
Research and analysis		612	446	-	1,058	609
Developing individuals, teams and organisations		2,116	169	-	2,285	3,445
Promoting understanding		100	17	-	117	89
Bringing people together		246	30	-	276	822
Total charitable activities	4	3,074	662	-	3,736	4,965
Other trading activities	5	1,737	54	-	1,791	4,230
Investments	6	2,749	-	-	2,749	2,678
Other		9	-	-	9	160
Total		7,571	716	-	8,287	12,038
Expenditure on:						
Charitable activities						
Research and analysis		3,990	471	-	4,461	4,847
Developing individuals, teams and organisations		4,092	169	-	4,261	4,635
Promoting understanding		2,820	17	-	2,837	2,362
Bringing people together		874	30	-	904	970
Total charitable activities	4	11,776	687	-	12,463	12,814
Other trading activities	7	1,154	54	-	1,208	3,077
Investment management costs	8	371	-	221	592	591
Total		13,301	741	221	14,263	16,482
Operating (deficit)		(5,730)	(25)	(221)	(5,976)	(4,444)
Net gain on investments		2,003	-	4,643	6,646	16,922
Net income/(expenditure)		(3,727)	(25)	4,422	670	12,478
Transfers between funds		(1)	1	-	-	-
Actuarial (loss) on defined benefit pension scheme	17	(6,163)	-	-	(6,163)	(1,143)
Net movement in funds		(9,891)	(24)	4,422	(5,493)	11,335
Reconciliation of funds:						
Total funds brought forward	18	79,277	(1)	132,792	212,068	200,733
Total funds carried forward	18	69,386	(25)	137,214	206,575	212,068

All of the operations represented by the information above are continuing.

The notes on pages 52 to 71 form part of these financial statements.

Balance sheets

as at 31 December 2020

	Notes	Consolidated 2020 £000	Consolidated 2019 £000	Charity 2020 £000	Charity 2019 £000
Fixed assets:					
Tangible assets	11	54,045	54,886	54,045	54,886
Intangible assets	12	73	167	73	167
Investments	13	163,835	161,143	163,885	161,193
Total fixed assets		217,953	216,196	218,003	216,246
Current assets:					
Debtors	15	2,087	2,253	2,106	2,460
Cash at bank and in hand		1,603	1,292	992	353
Total current assets		3,690	3,545	3,098	2,813
Liabilities:					
Creditors: Amounts falling due within one year	16	(4,577)	(3,577)	(4,038)	(2,899)
Net current (liabilities)		(887)	(32)	(940)	(76)
Net assets excluding pension liability		217,066	216,164	217,063	216,160
Defined benefit pension scheme liability	17	(10,491)	(4,096)	(10,491)	(4,096)
Total net assets		206,575	212,068	206,572	212,064
The funds of the charity:					
Expendable endowment funds		137,214	132,792	137,211	132,788
Restricted funds		(25)	(1)	(25)	(1)
Unrestricted funds		79,877	83,373	79,877	83,373
Pension reserve		(10,491)	(4,096)	(10,491)	(4,096)
Total unrestricted funds	18	69,386	79,277	69,386	79,277
Total charity funds	18	206,575	212,068	206,572	212,064

Approved on behalf of the Board of Trustees and authorised for issue on 12 May 2021.

Simon Fraser

Simon Fraser
Treasurer

The notes on pages 52 to 71 form part of these financial statements.

Consolidated cashflow statement

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Net cash (used in) operating activities	A	(5,608)	(4,548)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,640	2,546
Investment management fees		(592)	(591)
Purchase of tangible fixed assets		(193)	(510)
Purchase of intangible fixed assets		-	(16)
Net proceeds from sale of investments		4,064	3,546
Net cash provided by investing activities		5,919	4,975
Change in cash and cash equivalents in the reporting period	B	311	427

A. Reconciliation of net income to net cash flow from operating activities

	2020 £000	2019 £000
Net income for the reporting period	670	12,478
Adjustments for:		
Investment income	(2,749)	(2,678)
Net (gain) on investments	(6,646)	(16,922)
Investment management fees	592	591
Depreciation and amortisation charges	1,116	1,223
Loss on disposal of fixed assets	12	18
Other finance cost of the pension scheme	79	77
Current service cost less contributions to the pension scheme	152	94
Decrease in debtors	166	179
Increase in creditors	1,000	392
Net cash (used in) operating activities	(5,608)	(4,548)

B. Movement of cash and cash equivalents

	At 1 January 2020 £000	Movement £000	At 31 December 2020 £000
Cash at bank and in hand	1,292	311	1,603

Notes to the accounts

for the year ended 31 December 2020

1. Charity information

The Charity (registered number 1126980) is incorporated by Royal Charter and is governed by the provisions and byelaws of the charter; any revocation, alteration or additions to the byelaws must be approved by the Privy Council.

The charity has a wholly owned subsidiary trading company, KEHF Limited (company registration number 2754697).

The address of the registered office of both The King's Fund and KEHF Limited is 11-13 Cavendish Square, London, W1G 0AN.

2. Accounting policies

The principal accounting policies adopted and critical areas of judgements are as follows.

Basis of preparation

The accounts have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The King's Fund meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The accounts of The King's Fund and KEHF Limited are consolidated, on a line-by-line basis, to produce the Consolidated Accounts. No separate Statement of Financial Activities has been presented for The King's Fund but the charity's total income and net movement in funds in the year are set out in note 14.

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the charity's financial instruments.

2. Accounting policies (continued)

Going concern

The Fund's planning process, including financial projections, takes into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. The Fund has a reasonable expectation that its resources are adequate to continue in operational existence for the foreseeable future and that there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have, therefore, been prepared on the basis that the charity is a going concern.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described below, Trustees are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the accounts recognised in the financial statements are summarised below:

- Pension liabilities: The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 17.
- Valuation of investment properties: The charity's Basing investment properties are stated at their fair values. These are based on an external valuation as at the 31 December 2020. The Deans Mews investment property is stated at valuation as at July 2019 with a management update as disclosed in note 13.
- Private equity investments are valued at the most recent investment manager valuations.
- Income recognition: When accounting for project income in line with the percentage completion basis set out below, the percentage of completion of a project is estimated using the actual costs incurred, including time spent, as a proportion of total planned costs.

2. Accounting policies (continued)

Other accounting policies

Donations and legacies

Donations and legacies are recognised in the Statement of Financial Activities when they become receivable, that is when it is reasonably certain that they will be received and where the value can be measured with sufficient reliability.

Grants receivable

Grants receivable are recognised in the Statement of Financial Activities in full in the year in which they become receivable, that is when the conditions for receipt have been met.

Investment income

Income from investments is accounted for when dividends and interest are receivable and includes recoverable taxation. Income received, but not distributed, by pooled funds is included as part of the net gains/losses on investment assets in the Statement of Financial Activities.

Other income recognition

Project income is recognised on a percentage completion basis in relation to actual costs spent at the Balance Sheet date as a proportion of total planned costs over the life of the project. Projected losses on projects are provided as soon as they can be reasonably foreseen.

All other income is included in the Statement of Financial Activities when The King's Fund is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Expenditure

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

The costs of certain support departments are allocated to the principal activities on the basis set out in note 4.

Pension costs

The King's Fund Staff Pension and Life Assurance Plan (the Plan) is a defined benefit scheme. The current service costs of the Plan, together with the net interest on the net defined benefit liability (calculated at the discount rate), are charged to the Statement of Financial Activities within staff costs. The actuarial gains and losses on the Plan are recognised immediately as other recognised gains and losses.

2. Accounting policies (continued)

Pension costs (continued)

The assets of the Plan are measured at fair value at the Balance Sheet date. Liabilities are measured on an actuarial basis at the Balance Sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately on the face of the Balance Sheet.

The NHS Pension Scheme is a multi-employer defined benefit scheme. Contributions have been accounted for in the period to which they relate, as if it were a defined contribution scheme as it is not possible to identify our share of the underlying assets and liabilities.

The King's Fund Group Personal Pension Plan is a defined contribution scheme and contributions have been accounted for in the period to which they relate.

Intangible assets

Intangible assets relate to the enterprise resource planning project. Once brought into use, they are amortised on a straight-line basis over the anticipated life of the benefits arising from the completed project. The anticipated life has been taken as five years.

Tangible assets

Tangible assets costing more than £5,000, including any incidental expenses of acquisition, are capitalised and recorded at cost.

Depreciation is calculated so as to write off the cost of the tangible assets on a straight-line basis over the expected useful economic lives of the assets concerned which are taken as:

Plant and machinery:

Electrical installations	3 to 30 years
Mechanical installations	5 to 30 years
Lifts	30 years

Furniture, fittings and equipment:

Catering equipment	3 to 20 years
Furniture and fittings	5 to 20 years
ICT hardware and software	2 to 5 years
Office equipment	3 to 10 years
Freehold buildings	50 years

Freehold land is not depreciated.

Financial instruments

The King's Fund has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments, including bonds and cash held as part of an investment portfolio, are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

Foreign currencies

Transactions denominated in foreign currencies during the year are translated at prevailing rates. Assets and liabilities are translated at rates applying at the Balance Sheet date. All differences are taken to the Statement of Financial Activities.

Funds

Expendable endowment: The expendable endowment is maintained to generate income for the benefit of The King's Fund. The capital sum may be spent at the discretion of the Trustees.

Restricted funds: Funds received in relation to a restricted grant that can only be used for that purpose.

Unrestricted funds: Unrestricted funds include the net book value of the tangible fixed assets, the intangible fixed assets of the charity, investments and net current assets, less the pension reserve. The split between these categories is shown in note 18. The King's Fund has the power to spend its unrestricted funds within its objects as it sees fit.

3. Taxation

No corporation tax is payable by The King's Fund as it is able to make use of the tax exemptions on income and capital gains available to charities. No corporation tax is payable by the subsidiary company, KEHF Limited, as it is expected that each year an amount equal to its taxable profits will be paid to The King's Fund under the Gift Aid scheme.

4. Income and expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting Understanding £000	Bringing people together £000	Total 2020 £000	Total 2019 £000
Commissioned work	612	1,375	18	-	2,005	2,158
Grants	446	169	17	30	662	424
Course places or event tickets	-	741	-	246	987	2,157
Other	-	-	82	-	82	226
Total income	1,058	2,285	117	276	3,736	4,965
Direct expenditure	2,404	2,654	1,294	551	6,903	7,354
Support departments (4a)	2,057	1,607	1,543	353	5,560	5,460
Total expenditure	4,461	4,261	2,837	904	12,463	12,814

4a. Support departments

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting Understanding £000	Bringing people together £000	Total 2019 £000	Total 2018 £000
Facilities (1)	483	377	363	90	1,313	1,537
Communications (2)	169	131	126	-	426	590
Other support (3)	1,405	1,099	1,054	263	3,821	3,333
Total cost of support departments	2,057	1,607	1,543	353	5,560	5,460

(1) Facilities costs have been apportioned based on average headcount of the various departments during the year.

(2) Communication costs have been apportioned based on average headcount of the various departments during the year.

(3) Other support departments include: Chief Executive's Office, Finance, HR, Operations and Information Technology. Depreciation is also included within this category. The amount paid by the trading subsidiary via a management charge is excluded and has been allocated to expenditure on other trading activities. Remaining costs have been apportioned based on average headcount of the various departments during the year.

The comparatives for 2019 can be seen in note 23.

5. Income from other trading activities

	2020 £000	2019 £000
Income from other trading activities comprises:		
External conference and catering services	539	2,485
Income from sponsorship and partnership	832	1,110
Income from tenants	356	504
Income from non-charitable consultancy	64	131
	1,791	4,230

6. Income from investments

	2020 £000	2019 £000
Income from securities and cash assets:		
Equities	1,809	1,762
Bonds	200	320
Cash	2	30
Investment properties	738	566
	2,749	2,678

7. Expenditure on other trading activities

	2020 £000	2019 £000
Expenditure on other trading activities comprises:		
External conference and catering services, including sponsorship	868	2,726
Cost associated with sponsorship and partnerships	277	271
Cost associated with tenants	22	5
Cost associated with non-charitable consultancy	41	75
	1,208	3,077

8. Investment management costs

	2020 £000	2019 £000
Expenditure on investment management costs comprises:		
Fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and properties	422	456
Property repairs and maintenance	170	135
	592	591

9. Employees

	2020 £000	2019 £000
Wages and salaries	7,597	7,591
Social security costs (including apprenticeship levy)	881	886
Pension costs	1,190	1,165
Total emoluments before final salary pension adjustments	9,668	9,642
Pension costs	233	172
Total emoluments after final salary pension adjustments	9,901	9,814

Included in the above pension costs is £305,000 (2019: £273,000) relating to the current employer service costs of the defined benefit pension scheme and £0 relating to settlement agreement payments (2019: £25,000).

9. Employees (continued)

Average number of staff:

	2020	2019
Research and analysis	32	32
Developing individuals, teams and organisations	25	26
Promoting understanding	24	19
Bringing people together	6	6
Other trading activities	13	14
Facilities	11	11
Communications	7	7
Other support departments	25	24
Total	143	139

The number of employees with remuneration (employee benefits excluding employer pension costs) exceeding £60,000 were:

	2020	2019
£60,000 - £69,999	10	15
£70,000 - £79,999	10	9
£80,000 - £89,999	3	4
£90,000 - £99,999	10	6
£100,000 - £109,999	2	3
£110,000 - £119,999	3	3
£120,000 - £129,999	2	1
£170,000 - £179,999	-	1
£190,000 - £199,999	1	-

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for 4 (2019: 5) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for 6 (2019: 6) higher-paid employees. Contributions totalling £403,000 (2019: £365,000) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 29 (2019: 30) higher-paid employees.

The total employee benefits, including employer pension costs, received by the Chief Executive in 2020 were £216,941 (2019: £218,326).

The key management personnel of the charity comprise the Trustees and the Senior Management Team. None of the Trustees have been paid any remuneration or received any other benefits from an employment with the charity or a related entity. No Trustee was reimbursed for expenses incurred (2019: none). The total employee benefits, including employer pension costs and National Insurance, received by the key management personnel in 2020 were £1,009,000 (2019: £991,000).

10. Resources expended on governance

	2020 £000	2019 £000
Auditor's remuneration		
External audit fees (Charity)	21	20
External audit fees (KEHF Limited)	5	5
Meeting costs	-	5
	26	30

Fees totalling £1,050 (2019: £6,250) were payable to the auditors for taxation services (2019 also included internal audit services).

11. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	2020 Total assets £000
Cost				
At 1 January	55,350	4,754	2,982	63,086
Additions	-	23	170	193
Disposals	-	-	(61)	(61)
At 31 December	55,350	4,777	3,091	63,218
Depreciation				
At 1 January	2,920	3,330	1,950	8,200
Charge for the year	482	211	329	1,022
Disposals	-	-	(49)	(49)
At 31 December	3,402	3,541	2,230	9,173
Net Book Value				
At 31 December	51,948	1,236	861	54,045
Previous year	52,430	1,424	1,032	54,886

Freehold land and buildings represent the Fund's offices at 11–13 Cavendish Square, London W1G 0AN. When adopting FRS 102, the Fund has chosen to use the fair value of the freehold land and buildings as its deemed cost as at 1 January 2014. Within the above total, the amount attributable to the freehold land is £33,600,000 based on the valuation completed by Savills plc.

As at 31 December 2020 The King's Fund had no capital commitments (2019: £0).

12. Intangible fixed assets

	2020 £000	2019 £000
Cost		
At 1 January	918	902
Additions	-	16
At 31 December	918	918
Amortisation		
At 1 January	751	544
Charge for the year	94	207
At 31 December	845	751
Net Book Value		
31 December	73	167
Previous year	167	358

Intangible assets relate to costs expended on the Fund's enterprise resource planning project, website and other software.

13. Fixed asset investments

	2020 Total £000	2019 Total £000
Securities		
Equities	119,803	116,698
Index Linked bonds	4,448	7,633
Fixed Interest bonds	5,694	7,569
Private Equity funds	3,217	3,243
Cash and cash equivalents	4,014	767
Investment properties	26,659	25,233
Consolidated total	163,835	161,143
Shareholding in subsidiary company	50	50
Charity total	163,885	161,193

13. Fixed asset investments (continued)

Within the total securities, £129,945,000 is classified as Level 1 as defined by IFRS 7, that is 'the investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date'. The remaining £3,217,000 is classified as Level 3, that is 'the investment is measured using unobservable inputs at the reporting date'. The Level 3 amount comprises two Private Equity Funds of Funds. No readily identifiable market price is available for these unquoted funds and therefore they are included at the most recent valuations provided by the manager.

In respect of the above Private Equity funds, the managers have confirmed that all future commitments to both funds have been waived and have therefore deemed the shares to be fully paid. The funds will continue to return cash to investors prior to their final closure in 2021 and 2023 respectively.

The Fund has freehold interest in two investment properties. The Old Basing Estate is a mixed agricultural estate extending to approximately 981 acres and has been included at Fair Value of £15,259,000 (2019: £13,833,000) based on a valuation by Savills as at 31 December 2020. In 2015 the Fund purchased a freehold interest in properties at 7–10 Dean's Mews which adjoin the Fund's offices at 11–13 Cavendish Square. They have been included at market value of £11,400,000 from the valuation in July 2019 as management assessment indicates there has not been a significant change in markets trends over the past year (2019: £11,400,000).

A reconciliation of the movement in the market value of the Fund's investments during the year is as follows:

	2020	2019
	£000	£000
Opening balance at 1 January	161,143	147,635
Net monies (disinvested)	(3,954)	(3,369)
Increase on revaluation	6,646	16,877
	163,835	161,143
Shareholding in subsidiary company	50	50
Closing balance at 31 December	163,885	161,193

14. Subsidiary company

KEHF Limited, a company registered in England number 2754697, began trading on 2 August 2007 having previously been reported as a dormant company.

The authorised share capital of the company is 50,000 shares of £1 each. The King's Fund owns all the shares and is therefore the sole member of the company. The company has five directors, two are Trustees of The King's Fund, two are employees of The King's Fund and one is neither a Trustee or an employee.

The activities undertaken by the company comprise the letting of conference space within the premises of The King's Fund to third parties, along with the provision of catering and other related services. In addition, KEHF Limited manages sponsorship arrangements including with partners and supporters, and consulting activities that are outside the charitable objects. These activities were adversely affected by Covid-19, hence the significant decrease in income and reduced costs in 2020 compared to 2019.

In the year to 31 December, the company had income of £1,405,000 (2019: £3,826,000) and incurred expenditure of £1,083,000 (2019: £2,810,000) thereby generating an operating profit of £322,000 (2019: £1,016,000). The directors have made donations in the year of £321,727 to The King's Fund through Gift Aid. The resultant accumulated surplus of KEHF Limited at 31 December 2020 is £3,000 (2019: £4,000).

Excluding KEHF Limited's results, the Charity's total income in 2020 was £7,430,000 (2019: £10,467,000) and the Charity's net decrease in funds was £4,998,000 (2019: net increase of £11,411,000).

15. Debtors

	Consolidated 2020 £000	Consolidated 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade debtors	1,355	1,571	1,160	1,074
Amounts owed by KEHF Limited	-	-	101	166
Prepayments and accrued income	209	178	208	176
Other debtors	523	504	523	503
Donations from KEHF Limited	-	-	114	541
	2,087	2,253	2,106	2,460

16. Creditors: amounts falling due within one year

	Consolidated 2020 £000	Consolidated 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade creditors	425	707	419	558
Amounts owed to KEHF Limited	-	-	4	8
Deferred income - see analysis below	2,796	1,980	2,276	1,451
Taxation and social security	282	9	282	9
Other creditors and accruals	1,074	881	1,057	873
	4,577	3,577	4,038	2,899
	Balance at 1 January 2020 £000	Released during the year £000	Additional deferrals £000	Balance at 31 December 2020 £000
Deferred income analysis				
Programme fees received in advance	1,451	(1,451)	2,276	2,276
Charity Total	1,451	(1,451)	2,276	2,276
Other deferred income including KEHF Limited	529	(529)	520	520
Consolidated Total	1,980	(1,980)	2,796	2,796

17. Pension schemes

The King's Fund Staff Pension and Life Assurance Plan

The King's Fund Staff Pension and Life Assurance Plan (the Plan) is a defined benefit scheme. The Plan was open to all employees of The King's Fund who were not members of another scheme until it was closed to new members on 28 February 2008, as at 31 December 2020 there were 12 active members (2019: 15).

	2020 £000	2019 £000
The amounts recognised in the Balance Sheet are as follows:		
Fair value of plan assets	59,982	59,971
Present value of plan liabilities	(70,473)	(64,067)
Net Plan liability	(10,491)	(4,096)
	2020 £000	2019 £000
The movement in defined benefit obligations over the year was as follows:		
Present value of obligations at start of year	64,067	56,683
Current employer service cost	305	273
Employee contributions	82	83
Interest costs	1,254	1,618
Actuarial (gains)/losses	7,473	7,194
Benefits paid	(2,708)	(1,784)
Closing value of the plan liability	70,473	64,067

17. Pension schemes (continued)

	2020 £000	2019 £000
The movement in the fair value of assets over the year was as follows:		
Opening fair value of plan assets	59,971	53,901
Return on plan assets in excess of/ (lower than) interest income	1,310	6,051
Interest income on planned assets	1,175	1,541
Employee contributions	82	83
Employer contributions	152	179
Benefits paid	(2,708)	(1,784)
Closing fair value of plan assets	59,982	59,971

The Plan has pension liabilities which are insured with a value of approximately £110,000 (2019: £140,000). The value of these liabilities has been excluded from both the assets and the liabilities since the liability is matched directly by an asset of equal value.

	2020 £000	2019 £000
Total (expense) recognised in the Statement of Financial Activities:		
Current employer service cost	(305)	(273)
Net interest on the net defined benefit obligation	(79)	(77)
Return on Plan assets excluding interest income	1,310	6,051
Actuarial (losses) arising from change in assumptions	(7,473)	(7,194)
Total (expense) recognised in the Statement of Financial Activities	(6,547)	(1,493)

Proportion of total Plan assets by asset class:

Equities (including property)	62%	63%
Bonds	29%	28%
Index-linked	9%	9%
Cash and equivalents	0%	0%

The overall expected rate of return on the Plan assets is determined by applying each asset type's expected long-term rate of return to that asset type's market value and calculating a weighted average rate of return over all asset types.

	2020 £000	2019 £000
Actual return/(loss) on Plan assets	(10,491)	(4,096)
The principal actuarial assumptions used at the balance sheet date:		
Discount rate	1.35%	2.00%
Rate of increase in salaries	2.40%	2.45%
General price inflation	2.20%	2.05%
Rate of increase in pension payments:		
Service before 1 April 2000	4.15%	4.15%
Service after 1 April 2000	2.85%	2.90%

17. Pension schemes (continued)

The King's Fund expects contributions of £160,000 to be made to the Plan in the year ending 31 December 2021 (excluding contributions made by employees).

NHS Pension Scheme

The Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 10 (2019: 12) eligible members of staff as at the 31 December. In 2020 The Fund contributed £104,000 (2019: £118,000) to the scheme. The employer's contribution rate is set by the Government Actuary at 14.4%.

The King's Fund Group Personal Pension Scheme

The Fund contributes to the Group Personal Pension Scheme, a defined contribution scheme established in 2008, for 119 (2019: 114) members of staff as at 31 December. The Fund contributed £776,000 (2019: £722,000) to the scheme. The employer's contribution rates are double each individual employee's contribution rate within the range from 6% to 12% of pensionable salary.

The pension charges for the period are shown below:

	2020	2019
	£000	£000
The King's Fund Staff Pension and Life Assurance Plan	152	179
NHS Pension Scheme	104	118
The King's Fund Group Personal Pension Scheme	776	722
Total charges	1,032	1,019

18. Split of assets between funds

	Expendable endowment	Restricted funds	Unrestricted funds	Total funds 2020	Total funds 2019
	£000	£000	£000	£000	£000
Tangible assets	-	-	54,045	54,045	54,886
Intangible assets	-	-	73	73	167
Investments: Securities	123,147	-	14,029	137,176	135,910
Investments: Property	14,067	-	12,592	26,659	25,233
Net current (liabilities)	-	(25)	(862)	(887)	(32)
Pension fund reserve	-	-	(10,491)	(10,491)	(4,096)
Total funds	137,214	(25)	69,386	206,575	212,068

19. Movements in funds

	At the start of the year £000	Income and gains £000	Expenditure and losses £000	Transfers £000	At the end of the year £000
Restricted funds:					
Department of Health with University of York	-	419	(444)	-	(25)
The National Lottery Community Fund (previously named Big Lottery)	-	144	(144)	-	-
Government furlough	-	153	(153)	-	-
Other	(1)	-	-	1	-
Total restricted funds	(1)	716	(741)	1	(25)

Our contract – run jointly with the University of York – to provide a fast-response research and analytical facility to the Department of Health and Social Care was renewed for a further five years in April 2020. During 2020, we undertook 11 pieces of work – the highest number for any year to date – because of the Department's increased need for rapid research during the Covid-19 pandemic. In addition to projects to look specifically at Covid-19 (most notably in changes to general practice, and lessons for recovery from other emergency situations), we delivered research projects in diverse areas of health and care policy including supported housing, tobacco packaging, drug treatment services and health services for people who sleep rough. There is a small negative balance on this grant as at the end of 2020, which is being resolved as part of the ending of the old contract being negotiated in 2021 and will be resolved by the end of 2021.

In 2018, a new grant of £449,357 was awarded by The National Lottery Community Fund to extend the Cascading leadership programme. In August 2019, we received a top-up grant of £15,411 from The National Lottery Community Fund, bringing the total budget for this project to £464,768. The programme started in 2018 and £326,000 of funding had been received by 31 December 2019. In 2020 we received £119,000, bringing the total income to £445,000, of which we have recognised £355,000 in total. The remaining income will be recognised in 2021.

The Fund utilised the government furlough scheme to reduce losses in areas where staff who could not undertake their duties as a result of the Covid-19 pandemic.

20. Related party transactions

There have been no related party transactions that require disclosure other than transactions with the subsidiary company, KEHF Limited, as set out below.

- In 2020 the Charity charged KEHF Limited management fees totalling £59,000 (2019: £297,000). This is calculated as a percentage of external income.
- In 2020 the Charity charged KEHF Limited licence fees totalling £150,000 (2019: £765,000). This is calculated as a percentage of room hire income from external conference and catering services.
- In 2020 KEHF Limited charged the Charity administration fees totalling £15,000 (2019: £89,000). This is calculated as a percentage of internal room hire costs.
- As at the 31 December 2020 KEHF owed the Charity £114,000 of additional gift aid (2019: £541,000). For the total gift aid payable in the year see note 14 above.

21. Lessor operating leases

The future minimum lease payments under non-cancellable operating leases for each of the following periods are set out below:

	2020 £000	2019 £000
Not later than one year	500	709
Later than one year and not later than five years	511	889
Later than five years	144	216
Total	1,155	1,814

Operating lease commitments relate to the minimum future rental income for both investment and non-investment properties.

22 Post balance sheet event

On 1 April 2021 The King's Fund committed to taking a loan of £20 million repayable in 30 years with MetLife which will be drawn down on 14 May 2021. The loan was taken to enhance the long-term value of the King's Fund investments and will be invested in line with the strategic asset allocation.

23. Comparative statements

23a. Comparative split of assets between funds

	Expendable Endowment £000	Restricted Funds £000	Unrestricted Funds £000	Total Funds 2019 £000
Tangible assets	-	-	54,886	54,886
Intangible assets	-	-	167	167
Investments: Securities	118,737	-	17,173	135,910
Investments: Property	14,055	-	11,178	25,233
Net current assets/ (liabilities)	-	(1)	(31)	(32)
Pension fund reserve	-	-	(4,096)	(4,096)
Total funds	132,792	(1)	79,277	212,068

23b. Comparative movements in funds

	At the start of the year £000	Incoming resources and gains £000	Outgoing resources and losses £000	Transfers £000	At the end of the year £000
Restricted funds:					
Department of Health with University of York	(2)	246	(244)	-	-
Comic Relief and Big Lottery	(3)	19	(16)	-	-
Big Lottery	4	162	(166)	-	-
Other	(11)	(3)	(1)	14	(1)
Total restricted funds	(12)	424	(427)	14	(1)

The project funded by the Department of Health and Social Care is run jointly with the University of York and provides a fast response research and analytical facility to the Department. In 2019 a number of pieces of work were undertaken, including learning from effective practice in improving access to health and care for people who sleep rough, reviewing the research literature on women's experiences of gynaecology and urology services, and scoping ways to evaluate the impact of the Department's Care And Specialised Supported Housing fund (CASSH).

In 2019 we finished the first stage of the Cascading leadership programme for voluntary and community sector leaders in health and care. This project started in 2017 and was funded by Comic Relief and the Big Lottery Fund (now called The National Lottery Community Fund). Total funding for this work was £252,000 (£177,000 from Big Lottery and £75,000 from Comic Relief).

In 2018 a new grant of £449,357 was awarded by The National Lottery Community Fund to extend the Cascading leadership programme. In August 2019, we received a top-up grant of £15,411 from The National Lottery Community Fund, bringing the total budget for this project to £464,768. The programme started in 2018 and £116,000 of funding had been received by 31 December 2018. In 2019 the Fund received £210,000, bringing the total income to £326,000, of which we have recognised £212,000 in total. The remaining income will be recognised in 2020-21.

23. Comparative statements (continued)

23c. Comparative consolidated statement of financial activities

	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	2019 Total £000
Income and endowments from:				
Donations and legacies	5	-	-	5
Research and analysis	363	246	-	609
Developing individuals, teams and organisations	3,267	178	-	3,445
Promoting understanding	89	-	-	89
Bringing people together	822	-	-	822
Charitable activities	4,541	424	-	4,965
Other trading activities	4,230	-	-	4,230
Investments	2,678	-	-	2,678
Other	160	-	-	160
Total	11,614	424	-	12,038
Expenditure on:				
Research and analysis	4,603	244	-	4,847
Developing individuals, teams and organisations	4,452	183	-	4,635
Promoting understanding	2,362	-	-	2,362
Bringing people together	970	-	-	970
Charitable activities	12,387	427	-	12,814
Other trading activities	3,077	-	-	3,077
Investment management costs	283	-	308	591
Total	15,747	427	308	16,482
Operating (deficit)	(4,133)	(3)	(308)	(4,444)
Net gains on investments	1,436	-	15,486	16,922
Net income/(expenditure)	(2,697)	(3)	15,178	12,478
Transfers	(14)	14	-	-
Actuarial (loss) on defined benefit pension scheme	(1,143)	-	-	(1,143)
Net movement in funds	(3,854)	11	15,178	11,335
Reconciliation of funds:				
Total funds brought forward	83,131	(12)	117,614	200,733
Total funds carried forward	79,277	(1)	132,792	212,068

23. Comparative statements (continued)

23d. Comparative income and expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2019 £000
Commissioned work	363	1,795	-	-	2,158
Grants	246	178	-	-	424
Course places or event tickets	-	1,446	-	711	2,157
Other	-	26	89	111	226
Total income	609	3,445	89	822	4,965
Direct expenditure	2,724	2,910	1,102	618	7,354
Support departments (23a)	2,123	1,725	1,260	352	5,460
Total expenditure	4,847	4,635	2,362	970	12,814

23e. Support departments

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2019 £000
Facilities ⁽¹⁾	593	482	351	111	1,537
Communications ⁽²⁾	245	199	146	-	590
Other support ⁽³⁾	1,285	1,044	763	241	3,333
Total cost of support departments	2,123	1,725	1,260	352	5,460

⁽¹⁾ Facilities costs have been apportioned based on average headcount of the various departments during the year.

⁽²⁾ Communication costs have been apportioned based on average headcount of the various departments during the year.

⁽³⁾ Other support departments include: Chief Executive's Office, Finance, HR, Operations and Information Technology. Depreciation is also included within this category. The amount paid by the trading subsidiary via a management charge is excluded and has been allocated to expenditure on other trading activities. Remaining costs have been apportioned based on average headcount of the various departments during the year.