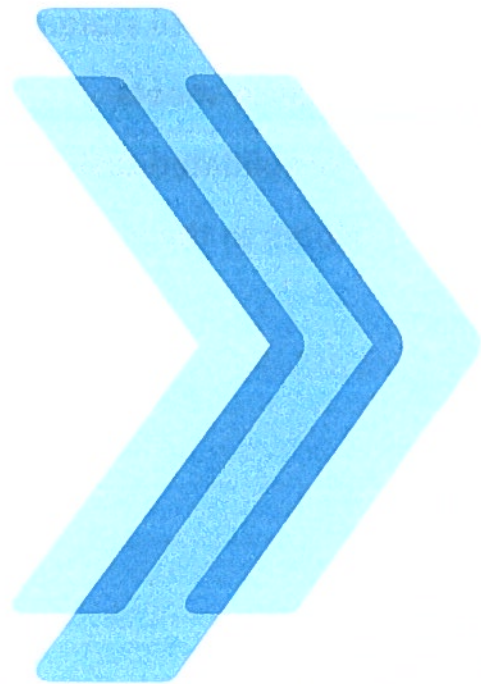


Trustees' annual report and accounts

**For the year ended
31 December 2021**



June 2022

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Message from the Chair and the Chief Executive



2021 began with England – including The King's Fund – once again in full lockdown as the Alpha variant of Covid-19 took hold. As the year progressed we witnessed the roll-out of vaccines at an unprecedented pace but still ended 2021 with renewed restrictions on daily life as the Omicron variant spread across the country. For those parts of the Fund that

are closely linked to its Cavendish Square building, not least our venue and facilities teams, it has been another year of uncertainty and we pay credit to the professional and positive way in which they handled the year's starts and stops. Of course, Covid-19 also continued to influence our external work programme, and in 2021 this included analysis of the [UK's record on outcomes](#) and the development of a framework to support [the assessment of the UK's response to Covid-19](#) in the round.

Despite Covid-19, the Fund made major contributions across its four programmes of work. Under the Healthier places and communities programme this included publishing the results of our research on [developing place-based partnerships](#) and working with leaders to support system working (at ICS, place or primary care network level) alongside a range of explainers, practical resources and, of course, a busy conference programme. For Tackling the worst health outcomes we provided data analysis, published with the NHS Race and Health Observatory and in February launched [Healthy Communities Together](#), our partnership with The National Lottery Community Fund (TNLCF), which supports areas in developing effective partnerships locally to improve health and wellbeing, reduce inequalities and empower communities. In our Supporting people and leaders programme, we continued to deliver leadership and organisational development (OD) support including in the voluntary and community sector (VCS). This included developing our use of digital technology and the launch of a new self-directed learning programme, [An introduction to leading with kindness and compassion in health and social care](#), in October for which 2,000 people registered in the first five weeks. Work also began in response to the Messenger Review for health and care leadership in England.

Many elements of our work came together in our fourth area, the Foundations of health and care, which looks across the health and care landscape and enables us to take a whole-system perspective. In particular, in 2021, the government brought forward its Health and Care Bill, the most substantial health legislation in a decade. The Bill enshrined a new approach to integration and population health and so is of strategic interest to the Fund. We provided extensive briefing and analysis of the Bill and the changes that would make it work better. It was also a busy time in other areas of government policy, notably on social care funding (also in the Bill) where we took a leading part in the debate. As the damage done by Covid-19 to health and care services becomes increasingly clear we have also undertaken work on the access challenge facing the system with our work on [deprivation and waiting times](#) getting wide coverage. Across most of our programmes in 2021, we combined working with policy-makers with working alongside those tasked with implementing changes on the ground.

With the venue closed for significant parts of the year, 2021 continued to witness considerable turbulence in our ability to generate income. Yet despite this turbulence, we saw a sharp recovery in our finances. This was attributable to hard work in many areas of the Fund, but in particular, the Leadership and Organisational Development team succeeded in delivering a major expansion in high-quality work, thereby supporting the system at a time of great need but also supporting the Fund's financial good health.

Inside the Fund, we continued to evolve our approach to hybrid working and this included investing in new digital facilities for Cavendish Square. The repeated waves of Covid-19 did mean that some of this work was delayed as use of the building was restricted but is now back under way. We have also continued to make progress on diversity and inclusion both within the Fund but also as part of our external work programme.

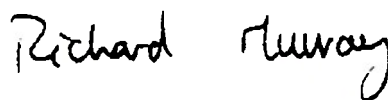
2021 saw significant changes in our Trustees. Very sadly, our Treasurer Simon Fraser passed away on 9 August 2021. This came as a dreadful shock to everyone at the Fund. Simon first joined us as a member of the Investment Committee in 2015 before becoming a Trustee in 2017 and Treasurer in 2018. He made an enormous contribution, leading fundamental changes to the management of our endowment and was deeply engaged in the external and internal work of the Fund. He was a great pleasure to work with and is sorely missed.

In other changes, Sir Jonathan Michael came to the end of his third three-year term as a Trustee in March 2021. Sir Jonathan had chaired the Audit and Risk Committee since 2016 and we are very grateful for his long contribution to the Fund. Dr Aseem Malhotra came to the end of his second three-year term in July 2021, Aseem brought valuable insight as a practising clinician and his input to our internal Developing Leaders programme, in particular, was extremely helpful. Finally, after a rigorous recruitment exercise, we welcomed four new Trustees at the end of 2021 and a fifth in early 2022. Alan Brown, Richard Clark, Professor Kamila Hawthorne, Dr Annalisa Jenkins and Dr Stephanie Kuku all bring excellent skills and experience, and we look forward to working with them in the future.

We have a busy 2022 ahead of us across all our areas of work. At a time when landmark reforms are being passed that accord with longstanding Fund priorities, with a workforce and leadership crisis and a renewed drive to tackle health inequalities, our strategic priorities will continue to guide our external workplan. Our internal priorities will also be building on solid foundations, as we re-design our working environment keeping the best of digital working and, with our plans now in place, 2022 will be a year of delivery on our diversity and inclusion commitments.



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 focus our resources where we believe we can maximise our impact. Our current strategy identifies three strategic priorities which form the basis for our work programmes:

- healthy places and communities
- tackling the worst health outcomes
- supporting people and leaders.

In addition to our three strategic priorities, our work on the Foundations of health and care uses our knowledge of the health and care system and the relationships we hold, to provide independent analysis, respond to key developments and make sense of the complex and changing landscape.



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 2021 and how we have used these levers to deliver impact through our work.

Achievements

Despite the impact of the Covid-19 pandemic, 2021 was a busy year in terms of new policy developments and changes at the heart of the health and care system. This included publication of a White Paper and Bill setting out the next steps in the development of integrated care, changes to social care funding and a White Paper on social care reform, significant changes to the public health system and a review of health and care leadership. Much of our time was therefore spent feeding into and responding to these developments.

A large part of our work continued to focus on integrated care, both in terms of shaping national policy and working locally to support the development of integrated care systems (ICSs). The pandemic highlighted deep health inequalities and we used our voice to focus attention on this. We also adapted our leadership and organisational development work in response to the pandemic, using digital technology to deliver more of our client work and expand our online offer.

Healthier places and communities

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 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.

Key objectives

The Healthier places and communities programme identified the following objectives for this strategy period:

- 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.

A major priority for the Healthier places and communities programme in 2021 was to influence the development of ICSs and other forms of place-based partnership-working. We did this in a number of ways.

- We worked with leaders in ICSs, place-based partnerships and primary care networks, increasingly by bringing together a cross-Fund team with representation from members of our policy, leadership and communications directorates, combining our expertise and developing 'One Fund' offers that can support system change.
- Our report on [Developing place-based partnerships](#) argued that ICSs need to be built up from partnerships at a more local level and had a significant influence on the guidance document *Thriving places* subsequently published by NHS England.
- We held two virtual conferences on ICSs, the first of which reached almost 800 participants – more than any previous paid-for The King's Fund conference.
- We hosted roundtable discussions with invited experts to explore specific issues in ICS development such as the role of social care providers in ICSs.
- Other outputs included [an explainer on ICSs](#), research on the development of ICSs in London, and a [digital toolkit aimed at primary care networks](#).

One of the key objectives of the Healthier places and communities programme is to support health and care organisations to work with local people in ways that empower communities – and to act on the insights they have to offer. In 2021 our work on this included:

- a practical resource, [Understanding integration](#), that aims to help ICSs listen to and learn from people and communities
- work with Derbyshire ICS to provide support for putting the insights from the *Understanding integration* work into practice.
- a virtual conference on [Community is the best medicine](#).

Our work aims to support health and care organisations to understand how they can have a positive impact on population health. Our work on this in 2021 included:

- work on the role of health and care organisations as 'anchor institutions', including practical support to local leaders, a [virtual conference](#) and a [long read](#)
- a [research report examining the roles that directors of public health](#) played during the first year of the pandemic and describing what is needed for a strong public health response as part of recovery
- a virtual conference on [Navigating the future of population health](#).

Tackling the worst health outcomes

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. This is a longstanding injustice and one that has been brought to the fore by the Covid-19 pandemic, which had an impact on different groups in different ways with some groups experiencing much higher mortality rates than others. Within this context the health and care system is giving greater priority to tackling the worst health outcomes, with reducing health inequalities emerging as clear focus in recovery plans.

The overarching purpose of the Tackling the worst health outcomes priority is to work with people with lived experience, communities and services to improve health and care for people with the worst health outcomes.

Key objectives

To deliver this purpose, the Tackling the worst health outcomes programme identified the following three objectives for this strategy period:

- health and care policy and practice are shaped by the lived experiences of those with the worst health outcomes
- widespread adoption of health and care policy and practices that improve the health and wellbeing of people with the worst health outcomes
- better joint working between the health and care system and its partners to improve the health and wellbeing of people with the worst health outcomes.

In 2021, the Fund was an important voice in the national debate on tackling the worst health outcomes, with health inequalities a key theme in our response to the pandemic. Our concise analyses of key data sources, such as our [analyses of life expectancy and mortality data](#), helped focus attention on health inequalities. We also provided advice to central government in its work to tackle health inequalities, for example, advising the Department of Health and Social Care Strategy Unit on its work on 'levelling up'.

We supported the NHS in developing a stronger role in addressing health inequalities through our research, analysis and sense-making. This included some key publications such as [a joint report with the NHS Race and Health Observatory](#) on the NHS's role in tackling ethnic health inequalities and a briefing on the [NHS's role in tackling obesity](#). Our support also included working directly with health and care systems locally, for example, working with Yorkshire and West Harrogate ICS to design health inequalities training for leaders across their system.

In February we launched [Healthy Communities Together](#), our partnership with The National Lottery Community Fund (TNLCF), which supports areas in developing effective partnerships locally to improve health and wellbeing, reduce inequalities and empower communities. The first phase involved supporting six areas to develop plans and in November, four sites were selected to receive £450,000 each in grant funding from TNLCF plus support from The King's Fund, spread over three years (a fifth site was added in February 2022).

We made progress in our ambition to incorporate lived experience in more of our work, for example initiating work on [disabled people's experience of health and care services](#), co-designed with Disability Rights UK.

Supporting people and leaders

The workforce crisis in health and care poses the single greatest risk to access to and quality of care. The aim of this strategic priority is to create a healthier, more inclusive, and effective workforce. 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, compassionate and 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.

Key objectives

To deliver this purpose, the Supporting people and leaders programme identified the following objectives for this strategy period:

- 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
- understanding staff shortages, the driving forces behind them and how they can be addressed.

In 2021 during a very difficult time in NHS and social care history, we continued to deliver leadership and organisational development support to people and leaders, including in the VCS. Through our range of open programmes, client commissions and grant programmes, our skilled team continued to adapt our support offers. This included developing our use of digital technology and the launch of a new self-directed learning programme on [An introduction to leading with kindness and compassion](#) in October, for which 2,000 people across the UK and globally registered in the first five weeks.

The 2021 GSK IMPACT award winners were announced at the end of April, and the GSK Network, with 95 charity members, continued to receive leadership development support through the year. GSK supported a new pilot grant and leadership programme, GROW, for smaller charities, with a particular focus on reaching organisations led by people from ethnic minority communities or people with disabilities.

We provided evidence and thought leadership to help influence the national workforce agenda, including as members of the People Plan Advisory Group (England); new research on flexible working for NHS England; oral evidence to the House of Commons Health and Social Care Committee inquiry on workforce burnout and resilience in the NHS and social care; and worked within a new coalition of health and care professional bodies and organisations that have come together to speak with one voice on the need to prioritise the wellbeing of health and care staff. We delivered support to Health Education and Improvement Wales on its strategy for compassionate leadership and succession planning. We completed an international integrated care programme for ICS senior teams and collaborated with our network partners within the IHI Health Improvement Alliance Europe. In partnership with Imperial Healthcare NHS Trust, we co-hosted a monthly conversation on kindness in health care with expert international health and care contributors.

At the beginning of October, the Secretary of State for Health and Social Care announced a new review of health and social care leadership in England led by the former Vice Chief of the Defence Staff, General Sir Gordon Messenger, and Dame Linda Pollard. We drew on our leadership practice and published research to offer evidence and perspectives to the review.

Foundations of health and care

Our broad knowledge of the health and care system and the relationships we hold across the system form the foundation of our work. We know that our stakeholders and audiences highly value the work that we do to provide independent analysis, explain key issues and respond to developments across the breadth of health and care.

Current areas of focus include shaping and influencing the external debate on access to services; the health and care White Paper and Bill; the funding envelope for the health and care system; and social care funding reform. We have maintained our high profile on these issues in 2021 through our responsive work, proactive reports and sense-making content.

Key objectives

The purpose of our work programme on the Foundations of health and care is to:

- help us understand the context within which we are trying to achieve our strategic priorities, ensuring they take account of developments in how the health and care system is structured and funded
- maintain our relevance and reputation as influencers of policy and practice, by seeking to shape and influence external debate on important topical issues that have a profound impact on the health and care system
- directly influence improvements to the building blocks that make for good health and care.

In 2021, the Fund played an important role in helping our audience make sense of the changes to the health and care system, while also continuing to influence the developing system to support our overall strategic objectives.

Throughout the year we updated our popular explainer and sense-making content on how the health and care system is organised; ran updated versions of our highly successful [Health and care explained](#) virtual conference and [The NHS explained](#) online course; and published our Social care 360 report on the key trends in the adult social care sector in England.

Access to care has been a dominant focus in the external environment. Our work on the relationship between deprivation and waits for planned NHS care was widely cited in the media, by politicians and in key policy documents. Our work on explaining the impact of the government's social care funding reforms has also been prized by policy-makers, parliamentarians and the media.

Our commentary and briefings on the health and care White Paper, changes to adult social care funding, and other policy reforms have also been widely used by national bodies, parliamentarians and the press. The Fund has also played a key role in responding the government's legislative reforms for the health care system (the Health and Care Bill). We have provided detailed and strategic advice to national bodies, stakeholders and parliamentarians on how the proposals could be enhanced to support better workforce planning, accountability and governance, and a greater focus on health inequalities.

We continued our work on Covid-19, with popular analysis exploring the data on deaths from Covid-19, and how the UK performance compared internationally. We published research on the [international experience of recovery from disasters](#) to inform the recovery from Covid-19. Ahead of the government's commitment to a public inquiry into Covid-19, we published [a framework](#) on how to assess the government's preparation for, and response to, the crisis.

Internal change

2021 was the second year of our five-year strategy and of working through programme groups. The programme groups were set up to support the input of diverse views and insight in order to increase impact. We are currently reviewing programme working to improve this way of working for the future.

2021 was also the second year of adopting new ways of working in response to Covid-19. We have learnt much about hybrid working and will look to develop these skills, tools and ways of working for the future. We have invested in making changes to our office in Cavendish Square to enable improved hybrid working including installing audio-visual equipment and improvements to our wi-fi. We have also made adjustments to ensure that our offices follow best practice relating to managing the risks of Covid-19.

Diversity and inclusion was a key focus during 2021 and the progress in this area is outlined below (see p19–21).

Plans for 2022

2022 marks the 125th anniversary of The King's Fund and the mid-point of our five-year strategy. Our work this year will support the health and care system as it emerges from the pandemic under unprecedented strain and in the midst of significant change. Four key themes will run through our work programmes:

- a focus on the health and wellbeing of the workforce and access to care for patients
- shaping and explaining reforms to help people navigate the new system
- supporting local leaders and improving partnership-working
- strengthening our focus on the worst health outcomes by addressing inequalities and promoting diversity and inclusion.

Internally, we will focus on strengthening our commitment to becoming a more diverse and inclusive organisation, adapting our ways of working in the post-pandemic context and accelerating our use of digital technology. We will also continue to focus on managing the financial impact of the pandemic and seek new ways to generate income. In this section, we describe what our programmes aim to achieve in 2022.

Healthier places and communities

2022 will be a critical year in the development of ICSs and place-based partnerships, with ICSs expected to become statutory organisations from July. A key focus for the Fund will be supporting local leaders to work through the complexity of the new arrangements, particularly in terms of the leadership behaviours and new ways of working that need to be developed within and between different parts of the reformed system.

We will also work to influence the implementation of the reforms to ensure local system leaders are able to give sufficient emphasis to shared, local priorities for improving population health, including by ensuring that local government and VCS organisations are core to decision-making.

Building on the important role played by communities during the pandemic, we will support health and care organisations to become better equipped to work with communities and learn from community insights, including by clarifying the system changes that would be needed to enable community-centred approaches to become more widespread.

Specific commitments for 2022 include:

- beginning work to assess whether ICSs are being implemented in a way that lives up to the original vision for the reforms
- conducting research to understand how VCS sector organisations, public health leaders, social care providers and other stakeholders can be meaningfully included as partners within ICSs
- publishing a report on taking a strategic approach to volunteering in NHS trusts
- sharing insights and lessons learnt from the [success of the Covid-19 vaccination programme](#), including the importance of joint working across the NHS, local government and the VCS, and with local communities.

Tackling the worst health outcomes

With reducing health inequalities high on the agenda for the health and care system in 2022, we will continue to strengthen our voice in this area, providing support to national and local leaders in their efforts to tackle the worst health outcomes.

We will initiate work with specific population groups that experience the worst health outcomes, providing further focus to the programme. We will also take forward plans for some longitudinal work in a small number of sites to explore in-depth approaches to tackling the worst health outcomes.

We will continue working to ensure that lived experience is included in work across the Fund, and champion this externally.

Specific commitments for 2022 include:

- continuing to support partnerships between the VCS, NHS and local authorities through the [Healthy Communities Together](#) programme and beginning to share learning from this work
- a long read drawing out lessons from [previous attempts to prioritise health inequalities](#)
- joint research with Disability Rights UK on improving [disabled people's experiences of health and care services](#)
- research and sense-making that explores how [digital technologies can exclude some groups](#) and how to minimise the risks of this
- improving health outcomes and reducing inequalities by supporting policy-makers and ICSs in tackling cardiovascular disease.

Supporting people and leaders

With the Covid-19 pandemic exacerbating longstanding issues such as staff shortages, burnout and inequalities experienced by Black and ethnic minority staff, we will support the recovery of services through increased focus on the need for compassionate, inclusive, and diverse workplace cultures and the conditions required to address the health and wellbeing needs of the workforce.

Legislative and policy changes to promote integrated care are likely to present both opportunities and additional pressures for leaders and their teams in 2022 and beyond. We will seek to influence implementation with a view to delivering the transformational changes needed across health and care.

We will continue to focus our leadership and organisational development (OD) practice work on the conditions required for leaders and their teams to successfully operate within and across organisational and system boundaries through a range of commissioned work and open programmes, and our work supporting development of leaders in the VCS. These will be delivered through face-to-face and digital channels to strengthen our reach to wider and more diverse audiences across the health and care system.

Specific commitments for 2022 include:

- developing a new OD offer to support improved health and wellbeing for staff, drawing on the research publication [The courage of compassion](#) and analysis and commentary on 2021 NHS Staff Survey
- leveraging the opportunity presented by the publication of the Messenger Review in 2022 by:
 - publishing a thought leadership series on current and future leadership and organisational development practice within the health and care system
 - sharing national and international insights and innovations on what other nations, systems and organisations are doing to grow and sustain their health and care workforces
- delivering and learning from the new GSK Grow programme for small VCS organisations working in the health and care sector
- delivering a new explainer on compassionate leadership.

Foundations of health and care

We will continue our work to provide independent analysis, explain key issues and respond to developments across the breadth of health and care.

Specific commitments in 2022 include:

- continuing our work to influence major reform programmes, including the Health and Care Bill and the government's reforms to adult social care
- updating our popular How the NHS works animation to reflect and make sense of the changes that are due to be brought into effect by the Health and Care Bill
- continuing our work to help our audiences make sense of the health and care system, including our Health and care explained events, our online course The NHS explained and our [Social care 360](#) report on key trends in adult social care
- delivering an externally funded explainer on how provider collaboratives fit into the emerging health and care system.

Further commitments subject to funding include:

- developing a new health and care 360-branded programme, bringing together data analysis and expert commentary on the state of health and care to replace our quarterly monitoring report
- sense-making, commentary and research on tackling the backlog of care, including the impact on access to services across the system.

Internal change

We have three internal priorities for 2022.

Reimagining our workplace

2022 will see us continue to adapt to new ways of working following the pandemic. We will learn from our experiences and those of others during the past two years so that we build on the positive changes already made as we increase the time we spend in the office, develop our approach to hybrid working and increase our use of digital technology.

Digital and systems

The pandemic has accelerated our internal use of digital technology and we need to continue to develop our systems to improve our ways of working and use of digital technology. Developing our systems also means developing our culture and ways of working with each other and with our partners. For example, digital technology can support our ambitions to improve wellbeing, if used effectively.

Diversity and inclusion

Our work in this area is highlighted below.

Our commitment to diversity and inclusion

The King's Fund is strongly committed to becoming an organisation where diversity is welcomed, embraced and valued and all people are able to be themselves and thrive. We have a wide-ranging programme of work to support us in becoming a more diverse and inclusive organisation. In 2021, we recruited our first Head of Diversity and Inclusion to manage this work and provide strategic leadership and direction.

Measuring progress

We are keen to be transparent about the progress we are making on our journey to becoming a more diverse and inclusive organisation. We measure our progress against targets we have set, by monitoring the diversity of our staff and by using external benchmarking tools to track our performance.

Targets

We have committed to publishing progress against targets we have set to increase diversity among our Board and committees, General Advisory Council and senior decision-makers,¹ and to publish data on the diversity of our staff. Our targets are:

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

The position at the end of 2021 is below.

	Target (%)	Board and committees (16)	Senior decision-makers (40)	General Advisory Council (23)
Female	50% (by 2020)	50% (8)	60% (24)	52% (12)
Black and ethnic minority background	20% (by 2022)	19% (3)	18% (7)	39% (9)

¹ The senior decision-makers group currently comprises trustees (12), non-trustee committee members (4) and 24 senior staff.

The data shows that we met all our targets for gender diversity. We exceeded our target for ethnic diversity among our General Advisory Council but narrowly missed the targets for our Board and committees and the senior decision-makers group. We do not have any all-male committees.

Our staff

We collect data from our staff to enable us to track the diversity of the organisation over time. We have not yet updated this for 2021. The data for 2020 can be found in [last year's report](#).

External benchmarking

To help benchmark where we are on our inclusion journey, we use two external assessments:

- The Employers Network for Equality and Inclusion's Talent Inclusion and Diversity Evaluation (TIDE)
- Stonewall's UK Workplace Equality Index (WEI).

TIDE

TIDE assesses organisational performance and progress across multiple categories of diversity including race and disability. In 2021, we completed our first TIDE submission. Overall, we were placed 100th out of 136 participating organisations and assessed at the 'realise' level. This highlights that, while we are making good progress, we still have a good deal of work to do to achieve our ambitions.

WEI

The WEI measures progress on lesbian, gay, bi and trans inclusion in the workplace. In 2021, we completed our second WEI submission. We were placed 239th out of 403 participating organisations, a marked improvement on our previous submission. This resulted in us receiving a Bronze Employer Award. Again, this indicates we are making good progress but have some way to go to achieve our ambition.

Our work programme

We have a wide-ranging programme of work to support us in becoming a more diverse and inclusive organisation.

Key objectives

Building on our previous work, we identified four key priorities for 2021:

- recruiting a more diverse workforce: ongoing work to improve our recruitment practices and become a more inclusive employer
- increasing Black representation and equality: meeting our anti-racism commitments and supporting our Black Staff Network
- developing our work on allyship: promoting a more inclusive workplace by supporting our staff to become allies
- becoming a platform for diverse voices: amplifying under-represented voices through our work and developing a diverse speakers list, which we hope to launch on our website in 2022.

Our commitment to diversity and inclusion is also reflected in our external work programme. For example, we were commissioned by the NHS Race and Health Observatory to [produce a report on ethnic health inequalities](#) (published in June 2021). We are also working with the equalities and human rights charity brap to address racism and race inequalities in the London health system by providing development in anti-racist thinking and practice to NHS leaders across the capital.

We will build on this work in 2022, focusing on:

- continuing to develop our approach to measuring progress and ensuring that we represent a diverse range of voices in our work
- empowering our staff by formalising our employee staff networks,² launching a mediation scheme, finalising our diversity and inclusion policy and refreshing other HR policies
- embedding our work on allyship and extending this to include mandatory anti-racism training for all our staff
- continuing our work to improve our recruitment practices and become a more inclusive employer.

² These networks comprise a Black Staff Network, LGBT+ Staff Network, Women's Network, Working Parents Network and Disability and Long-Term Health Conditions Network

Financial review

Review of income and expenditure for the year ended 31 December 2021

Total income for the year increased to £11.4 million (£8.3 million in 2020), of which £5.8 million (£3.7 million in 2020) was generated from charitable activities and £5.6 million (£4.6 million in 2020) was derived from other sources, namely investments, donations and legacies, and other trading activities.

In 2021, income started to recover from the impact of the Covid-19 pandemic. Charitable income increased by £2.1 million to £5.8 million due to a significant income drive from our work around developing individuals, teams and organisations (our Leadership and Organisational Development work). While trading income increased by £0.4 million to £2.2 million driven by conference and catering (running our venue) income increasing to £1.0 million (£0.5 million in 2020). However, this remains significantly lower than £2.5 million in 2019 as our venue only really started receiving bookings in Autumn 2021. Investment income remained relatively stable.

Costs increased in 2021 as income increased but remained tightly managed, given it was known that income would be lower than pre Covid-19 levels, to minimise the withdrawal from the endowment. Total expenditure of the Fund in 2021 was £15.7 million (£14.3 million in 2020).

Expenditure on charitable activities increased slightly in 2021 to £13.0 million, (£12.5 million in 2020), with the main increase in costs from the developing individuals, teams and organisations area associated with the additional income. Expenditure on other trading activities increased to £1.7 million (£1.2 million in 2020) as a result of the increased activity to generate income.

The average number of staff employed by the Fund during the year was 141, a decrease of 2 from 2020. This was primarily due to a decrease in fixed-term staff recruited for maternity cover. Total staff costs after final-salary pension adjustments during the year were £10.1 million, an increase of 1.9 per cent compared with 2020. Further analysis is shown in note 9 to the accounts.

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 Fund's operating deficit for the year was £4.4 million, decreased from the £6.0 million operating deficit in 2020 as a result of the impacts described above.

The withdrawal in 2021 was £1.2 million below our budget because the levels of success in the developing individuals, teams and organisations work was not predicted. Net gains on investments during the year were £18.1 million, (£6.6 million in 2020). Further details on investment performance are set out below.

Net assets at 31 December 2021

The Fund's consolidated net assets at 31 December 2021 were £229.5 million. This represents an increase of £23.0 million (11.1 per cent) compared with the net assets at 31 December 2020. The increase is due to the Fund's net income during 2021 of £13.8 million (comprising the net gain on investments of £18.1 million less the operating deficit of £4.4 million) and the actuarial gain of £9.2 million on the defined benefit pension scheme.

Net assets at 31 December 2021 comprise fixed assets of £250.4 million, net current assets of £0.7 million and a defined benefit pension scheme liability of £1.6 million. Fixed assets comprise tangible fixed assets of £53.4 million and fixed asset investments of £197.0 million including assets held because of the £20 million long-term loan.

During the year, the book value of tangible fixed assets decreased by £0.6 million due to depreciation of £1.0 million exceeding capital expenditure of £0.4 million. The main items of capital spend during the year were to upgrade the network and laptops.

The value of fixed asset investments increased during the year by £33.1 million. This is due to the addition of the £20 million loan plus net valuation gains of £18.1 million, offset by £5.0 million of capital being withdrawn during the year to cover the Fund's cashflow needs as set out in note 13 to the accounts.

Loan

In December 2020 the Board of Trustees discussed the merits of accessing long-term borrowing to invest in the Fund's portfolio to boost long-term returns. They considered the modelling, which showed low levels of risk, and agreed to take advantage of a strong asset base and historically low interest rates in order to generate returns. In May 2021 Trustees agreed to borrow £20 million over 30 years and signed a Notes Purchase Agreement with Metlife. The loan was invested in the Fund's portfolio according to the current asset allocation (which is agreed by Trustees on the recommendation of the investment committee).

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 % 2021	Actual allocation % 2020
Cash	0			2.6	2.4
Government bonds	5			3.3	2.7
Corporate bonds	5			4.0	3.5
Total cash and bonds	10	8	13	9.9	8.6
UK equities	30	26	34	29.0	25.5*
Overseas equities	30	26	34	33.5	31.2
Emerging market equities	15	12	18	12.4	16.4
Private equity	0	0	5	1.5	2.0
Total equities	75	72	77	76.4	75.1
Property	15	12	18	13.7	16.3
Total alternatives	15	12	18	13.7	16.3
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 was redressed in the first quarter of 2021.

The value of the Fund's total investments at 31 December 2021, comprising publicly quoted equity and bonds, private equity and property, was £197.0 million (£163.8 million in 2020), including the investment of the £20 million loan. These investments produced income, net of investment management fees and loan interest, of £1.7 million during the year and this income, together with £5.0 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 £18.1 million (9.9 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, C Tilby, D Emmerson 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 2021 were £229.5 million. As set out in note 19 to the accounts, £152.2 million of this represents the expendable endowment (all of which is included in fixed asset investments), restricted funds have a deficit of £13,000 (a deficit of £25,000 in 2020) and the remaining £77.3 million represents unrestricted funds, £53.4 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 £1.6 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 their 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 2021, after income and capital withdrawals and removing the loan the value of the Fund's investments has increased in real terms (above the retail prices index) by £14.4 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.

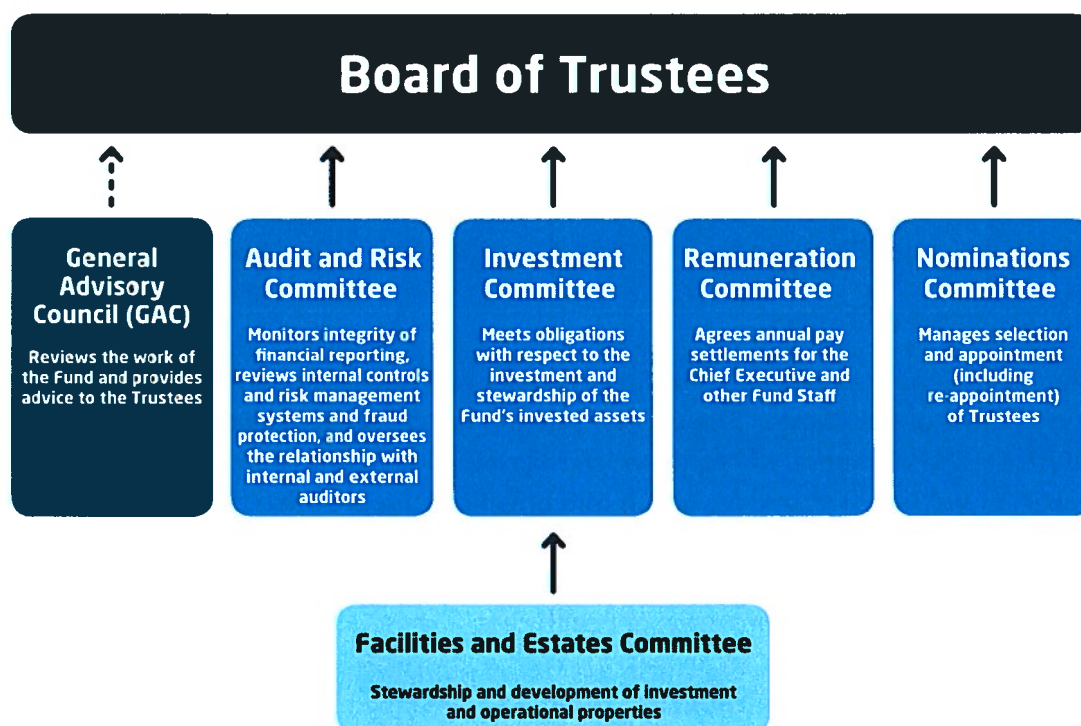
Working for the public benefit

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 agrees the organisation's overall strategic direction, in line with its charitable objectives, and scrutinises management functions delegated to the Senior Management Team. A framework sets out the authority delegated to the Chief Executive by the Board of Trustees. The Board of Trustees meets six times a year. 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 Board of Trustees also delegates some of its work to sub-committees as outlined below and set out on page 38. Non-Trustee members of the Investment Committee (Robert Holmes and John McLaughlin) and the Facilities and Estates Committee (Andy Doyle and Anna Rule) bring valuable expertise in the specific areas which these two committees are responsible for.



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 which can be extended to further three-year terms. Details of the current members of the GAC, and those who served during the year, are set out on page 36.

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 39. Details are included on page 62 of the financial statements.

Recruitment and appointment of Trustees

Trustees are appointed in line with the byelaws set out in the Charter. They serve 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. A skills audit carried out by the Nominations Committee at the start of the year informed a round of Trustee recruitment which concluded in December 2021 with the appointment of five new Trustees. Vacancies were advertised widely, and a large number of candidates expressed their interest. Recruiting to the vacancies also provided an opportunity to improve the diversity of the Board.

Historically, the Nominations Committee met on an ad hoc basis when vacancies arose, but it was agreed during the year that the Committee would meet annually to review forthcoming exits from the Board, compare this to a skills audit and take decisions on any necessary recruitment.

Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Fund and their responsibilities as a Trustee. They are invited into the Fund to meet colleagues and get to know our work and our building. The Chair of Trustees usually 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 37.

Board review/evaluation

The Board usually reviews its performance annually at an awayday when Trustees reflect on how well they are fulfilling their duties. Trustees consider the Board's balance of skills, experience and knowledge, its diversity in the widest sense, how the board works together and other factors relevant to its effectiveness.

They use the principles of organisational purpose, 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 while meetings had to be held virtually and so decided to defer the Board effectiveness discussion to 2022.

Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, who is responsible for delivering the strategic direction and day-to-day 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.

The framework for the Chief Executive, sets out the authority delegated to the Chief Executive. It is reviewed by the Board of Trustees every three years and when a new Chief Executive is appointed.

New internal governance arrangements were introduced at the start of the 2020 to support and deliver the strategic priorities for 2020–24 and achieve the greatest impact via our programme, business and OD priorities.

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 using a list of strategic priorities as headings. The SMT 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 39.

Portfolio Board

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

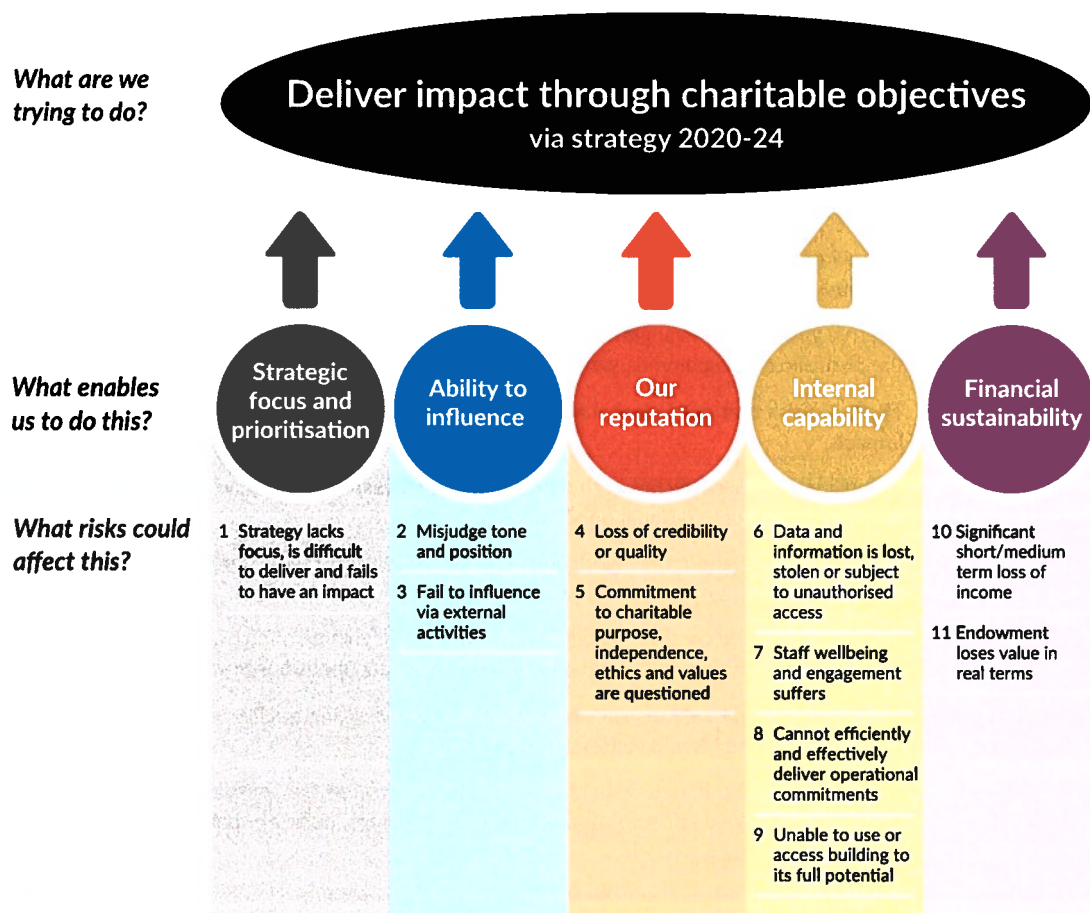
The Operations Committee oversees projects related to systems, processes and infrastructure. It is supported by a Business Improvement Forum and helps the Fund achieve the greatest impact using our business systems and ways of working.

Risk management

The King's Fund is unavoidably exposed to risk, either due to factors in the external environment, or through the opportunities we choose to pursue and the activities we carry out that enable us to deliver our vision, mission and strategic goals. Our Risk Management Policy sets out how we identify and actively manage the risks we are exposed to and our approach allows us visibility and control over the key corporate risks that affect the organisation as a whole.

We use 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. Risks are grouped according to whether their impact will be on our strategic focus, ability to influence, reputation, internal capability or our financial sustainability as outlined in the figure below.

Key corporate risks



The ongoing impact of Covid-19 on all five risk areas was closely monitored during the year using a Coronavirus Finance Action Plan alongside the Corporate Risk Register. During 2021 we commissioned an internal audit to assess whether our risk management controls are designed appropriately and are operating effectively. The review concluded the Fund has appropriate governance structures in place over risk, and policies and processes for the management, reporting and oversight of risk align with recommended practice.

Suggested areas for development that are being taken forward include creating separate risk registers for the Investment Committee and the Facilities and Estates Committee to use as tools to monitor and manage these specific areas of risk. We will continue to evolve the Corporate Risk Register and our risk management process to ensure that it supports the Fund with effective strategic and operational management, particularly when it comes to managing uncertainty.

Members of the Audit and Risk Committee and the Board of Trustees are satisfied with the procedures that are in place to review the risks, ratings, controls and actions to mitigate the Fund's exposure to risk.

Risk area	Management of risk
Strategic focus and prioritisation	<p>There is a risk that our strategy lacks focus, is difficult to deliver and fails to have an impact.</p> <p>As we implement our strategy for 2020–24 we have sought to maintain the high level of visibility and engagement that staff had during its development.</p> <p>Internal governance arrangements are aligned to our strategy. This includes oversight of the portfolio of programmes, performance and impact.</p>
Ability to influence	<p>There is a risk that our external activities fail to influence and prevent us from delivering impact.</p> <p>Flexibility is deliberately left in the operational plan each year to allow the Fund to respond to new or additional opportunities.</p> <p>Decision-making about new work ensures that we support the health and care system during the Covid-19 pandemic and recovery.</p> <p>We ensure that we continue to publish an appropriate volume of high-quality policy work, maintain a high media profile and continue to track data about our reach and impact.</p>
Our reputation	<p>There is a risk that we lose our reputation for credibility and quality and that our independence, ethics and values are questioned.</p> <p>The Fund keeps up to date with all legal and regulatory requirements and recommended practice. We make disclosures about our income sources, decision-making and independence on our website.</p> <p>Policies, agreements and contracts set out the Fund's position, ensure the quality of our outputs, address ethical issues and recognise the origin of funding. All staff and Trustees are encouraged to understand and adhere to the values, ethics and culture of the organisation.</p>

Risk area	Management of risk
Internal capability	<p>There is a risk that we are unable to deliver our operational commitment effectively and efficiently and that staff wellbeing and engagement suffers</p> <p>Staff wellbeing was identified as a priority area for 2021. We have worked on developing proactive and transparent internal comms focusing on wellbeing. Feedback from staff is gathered via questionnaires and surveys and specialist support already in place (ie, a staff counsellor and network of mental health first aiders) is highlighted frequently.</p> <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>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>
Financial sustainability	<p>There is a risk that our endowment loses value in real terms and that there is a significant short- or medium-term loss of income.</p> <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 balances 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 the Senior Management Team and Trustees. Oversight of the defined benefit pension scheme is maintained, and this liability is considered alongside other financial risks.</p> <p>The Coronavirus Finance Action Plan Fund was developed to mitigate the financial risks of the pandemic on the organisation and focus on supporting sustainable income generation from a diverse range of sources during 2021 and beyond.</p>

Risk appetite

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 is usually reviewed annually using a framework based on the five key risk areas summarised above. Our approach to risk appetite and 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 risk register.

Maintaining our independence

Our independence is important to us. Our reputation is founded on the objectivity of our work, independence from outside interests and freedom to determine our own priorities. We protect this independence in a number of ways.

Our funding

Our funding comes from a diverse range of sources, protecting us against dependence on any particular source of income. As a charitable foundation, we have an endowment – funds maintained and invested since we were established in 1897 – which generates an annual income. As set out in our financial strategy, we draw on this each year to provide a consistent stream of funding to support our work. In 2021, the charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Our remaining funding mainly comes from a mixture of income-generating charitable activity (including leadership and organisational development services, our events and funded research and policy analysis), and commercial activities (including hiring our venue and renting office space in our building). The income from these activities comes from a diverse range of sources including commercial organisations, national and local NHS organisations, the voluntary sector and national and local government. More detail is provided in the Consolidated Statement of Financial Activities.

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

How we set policy

We have robust arrangements in place to assure the quality and independence of our research, policy analysis and other published work which are described on our [website](#). Responsibility for our public positioning rests with the Chief Executive who works closely with directors and other colleagues to agree our position on relevant issues. The Board discusses our public positioning with the Senior Management Team on a regular basis but is not involved in determining our position on individual policy issues.

Our partnerships

We maintain partnerships with a range of organisations through our [Corporate Partners and Supporters scheme](#). These relationships are governed by our [ethical collaboration policy](#) which includes provisions to protect our independence.

Conflicts of interest policy

Trustees, committee members and senior members of staff are required to recognise and deal appropriately with conflicts of interest. Our Conflicts of Interest Policy, which is reviewed annually by the Audit and Risk Committee, sets out our approach. 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 all interests annually. All interests, rather than just those which the person completing the declaration considers relevant, are declared. This avoids the exclusion of any interests that 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 2021, the Committee was mindful of higher levels of inflation than in the previous year, and the impact on net pay of the planned increase to National Insurance contributions in April 2022. As a result, it recommended a phased increase of 1 per cent in January 2022 and a further 1.25 per cent, reflecting higher National Insurance contribution rates, in April 2022, 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

General Council

The members who served during the year are:

Dr Kamran Abbasi, Executive Editor, *The BMJ*

Lord Victor Adebawale CBE, Chair, NHS Confederation

Samantha Allen, Chief Executive, North East and North Cumbria Integrated Care System

Professor Kate Arden, Director of Public Health, Wigan Metropolitan Borough Council

Samira Ben Omar, Independent Consultant (community collaboration)

Kay Boycott, Non-Executive Director, Imperial College Healthcare NHS Trust

Stephen Chandler, Corporate Director for Adult Services, Oxfordshire County Council

Professor Yvonne Doyle CB, Regional Director, Public Health England

Dr Navina Evans CBE, Chief Executive, Health Education England

Hannah Farrar, Chief Executive, Carnall Farrar

Ceinwen Giles, Director, Shine Cancer Support
Professor Nick Harding OBE, Chief Medical Officer, Operose Health
Jatinder Harchowal MBE, Chief Pharmacist, University College London Hospitals
NHS Foundation Trust
Angela Helleur, Chief Nurse, Lewisham and Greenwich NHS Foundation Trust
John James OBE, Chief Executive, Sickle Cell Society
Fatima Khan-Shah, Senior Responsible Officer, Carers Worksteam, West Yorkshire and
Harrogate Health and Care Partnership
Dr Nikita Kanani MBE, Medical Director of Primary Care, NHS England
Jonathan McShane, Chair, Terrence Higgins Trust
Professor Nicholas Mays, Professor of Health Policy, London School of Hygiene and
Tropical Medicine
Ben Page, Chief Executive, Ipsos
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
Hardev Virdee, Group Chief Financial Officer, Barts NHS Foundation Trust

Board of Trustees

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

Dr Mark Britnell
Alan Brown [Treasurer from December 2021]
Richard Clark [from December 2021]
Dame Ruth Carnall DBE
Dr Jane Collins
Dominic Dodd
Simon Fraser [Treasurer to August 2021]
Professor Kamila Hawthorne MBE [from February 2022]
Dr Annalisa Jenkins [from December 2021]
Rt Hon Professor Lord Kakkar KBE PC (Chair of the Board of Trustees)
Dr Stephanie Kuku [from December 2021]
Dr Aseem Malhotra [to July 2021]
Sir Jonathan Michael [to March 2021]
Rt Hon Jacqui Smith
Professor Carolyn Wilkins OBE [from April 2020 to December 2021 and from
February 2022]

Sub committees

The committee members serving during the year and since the year end are as follows.

Investment Committee

Alan Brown [Committee Chair from December 2021]

Richard Clark [from December 2021]

Simon Fraser [Committee Chair to August 2021]

Robert Holmes

Rt Hon Professor Lord Kakkar KBE PC

Dr Stephanie Kuku [from December 2021]

John McLaughlin

Remuneration Committee

Alan Brown [from December 2021]

Dame Ruth Carnall (Committee Chair)

Dominic Dodd [from October 2021]

Simon Fraser [to August 2021]

Rt Hon Professor Lord Kakkar KBE PC

Sir Jonathan Michael [to March 2021]

Nominations Committee

Alan Brown [from December 2021]

Dame Ruth Carnall

Simon Fraser [to August 2021]

Rt Hon Professor Lord Kakkar KBE PC (Committee Chair)

Sir Jonathan Michael [to March 2021]

Audit and Risk Committee

Dr Jane Collins

Dominic Dodd [Committee Chair from April 2021]

Professor Kamila Hawthorne MBE [from February 2022]

Dr Annalisa Jenkins [from December 2021]

Sir Jonathan Michael [Committee Chair to March 2021]

Facilities and Estates Committee

Alan Brown [from December 2021]

Richard Clark [Committee Chair from December 2021]

Andy Doyle

Simon Fraser [Committee Chair to August 2021]

Rt Hon Professor Lord Kakkar KBE PC

Anna Rule

KEHF Ltd Board of Directors

Alan Brown [Chair from February 2022]

Dominic Dodd [from April 2021]

Simon Fraser [Chair to August 2021]

Sir Jonathan Michael [to March 2021]

Richard Murray

Anna Rule

Matthew Tolchard

Senior Management Team

Richard Murray, Chief Executive

Sally Warren, Director of Policy

Paul Clough, Director of Finance and Operations

Suzie Bailey, Director of Leadership and Organisational Development

Patrick South, Director of Communications and Information

Shirley Collier, Director of HR

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

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



Dame Ruth Carnall

Vice-Chair

14 June 2022

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 2021, 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 2021 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 41, 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 risk of non-compliance with laws and regulations related to charity law, 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](#). 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

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

Date: 16 June 2022

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 2021

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Total 2021 £000	Total 2020 £000
Income and endowments from:						
Donations and legacies		608	-	-	608	2
Charitable activities						
Research and analysis		629	181	-	810	1,058
Developing individuals, teams and organisations		4,337	56	-	4,393	2,285
Promoting understanding		84	12	-	96	117
Bringing people together		496	2	-	498	276
Total charitable activities	4	5,546	251	-	5,797	3,736
Other trading activities	5	2,203	23	-	2,226	1,791
Investments	6	2,680	-	-	2,680	2,749
Other		68	-	-	68	9
Total		11,105	274	-	11,379	8,287
Expenditure on:						
Charitable activities						
Research and analysis		4,008	182	-	4,190	4,461
Developing individuals, teams and organisations		4,850	58	-	4,908	4,261
Promoting understanding		2,853	11	-	2,864	2,837
Bringing people together		1,030	12	-	1,042	904
Total charitable activities	4	12,741	263	-	13,004	12,463
Other trading activities	7	1,719	23	-	1,742	1,208
Raising funds costs	8	768	-	229	997	592
Total		15,228	286	229	15,743	14,263
Operating (deficit)		(4,123)	(12)	(229)	(4,364)	(5,976)
Net gain on investments		2,904	-	15,212	18,116	6,646
Net income/(expenditure)		(1,219)	(12)	14,983	13,752	670
Transfers between funds		(24)	24	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme	18	9,199	-	-	9,199	(6,163)
Net movement in funds		7,956	12	14,983	22,951	(5,493)
Reconciliation of funds:						
Total funds brought forward	19	69,386	(25)	137,214	206,575	212,068
Total funds carried forward	19	77,342	(13)	152,197	229,526	206,575

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

The notes on pages 51 to 71 form part of these financial statements

Balance sheets

as at 31 December 2021

	Notes	Consolidated 2021 £000	Consolidated 2020 £000	Charity 2021 £000	Charity 2020 £000
Fixed assets:					
Tangible assets	11	53,415	54,045	53,415	54,045
Intangible assets	12	31	73	31	73
Investments	13	196,954	163,835	197,004	163,885
Total fixed assets		250,400	217,953	250,450	218,003
Current assets:					
Debtors	15	2,306	2,087	2,080	2,106
Cash at bank and in hand		3,031	1,603	2,601	992
Total current assets		5,337	3,690	4,681	3,098
Liabilities:					
Creditors: amounts falling due within one year	16	(4,588)	(4,577)	(3,985)	(4,038)
Net current assets/(liabilities)		749	(887)	696	(940)
Total assets less current liabilities		251,149	217,066	251,146	217,063
Creditors: amounts falling due after more than one year	17	(20,000)	-	(20,000)	-
Net assets excluding pension liability		231,149	217,066	231,146	217,063
Defined benefit pension scheme liability	18	(1,623)	(10,491)	(1,623)	(10,491)
Total net assets		229,526	206,575	229,523	206,572
The funds of the charity:					
Expendable endowment funds		152,197	137,214	152,197	137,211
Restricted funds		(13)	(25)	(13)	(25)
Unrestricted funds		78,965	79,877	78,962	79,877
Pension reserve		(1,623)	(10,491)	(1,623)	(10,491)
Total unrestricted funds	19	77,342	69,386	77,339	69,386
Total charity funds	19	229,526	206,575	229,523	206,572

Approved on behalf of the Board of Trustees and authorised for issue on 14 June 2022.

Alan Brown
Treasurer

The notes on pages 51 to 71 form part of these financial statements.

Consolidated cashflow statement

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Net cash (used in) operating activities	A	(4,887)	(5,608)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,612	2,640
Investment management fees		(663)	(592)
Purchase of tangible fixed assets		(366)	(193)
Net proceeds from sale of investments		-	4,064
Net purchase of investments		(14,934)	-
Net cash provided by investing activities		(13,351)	5,919
Cash flows from financing activities:			
Cash inflows from new borrowing		20,000	-
Interest on loan		(334)	-
Net cash provided by financing activities		19,666	-
Change in cash and cash equivalents in the reporting period	B	1,428	311
A. Reconciliation of net income to net cash flow from operating activities			
		2021 £000	2020 £000
Net income for the reporting period		13,752	670
Adjustments for:			
Investment income		(2,680)	(2,749)
Net (gain) on investments		(18,116)	(6,646)
Investment management fees		663	592
Interest on the loan		334	-
Depreciation and amortisation charges		1,038	1,116
Loss on disposal of fixed assets		-	12
Other finance cost of the pension scheme		140	79
Current service cost less contributions to the pension scheme		190	152
(Increase)/decrease in debtors		(219)	166
Increase in creditors		11	1,000
Net cash (used in) operating activities		(4,887)	(5,608)
B. Movement of cash and cash equivalents			
	At 1 January 2021 £000	Movement £000	At 31 December 2021 £000
Cash at bank and in hand	1,603	1,428	3,031

Notes to the accounts

for the year ended 31 December 2021

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 18.
- **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 with a management update as disclosed in note 13. 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.

2. Accounting policies (continued)

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 settlement value or amortised cost comprise trade and other creditors, and fixed interest loan.

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 19. 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 2021 £000	Total 2020 £000
Commissioned work	629	2,526	19	-	3,174	2,005
Grants	181	56	12	2	251	662
Course places or event tickets	-	1,811	-	496	2,307	987
Other	-	-	65	-	65	82
Total income	810	4,393	96	498	5,797	3,736
Direct expenditure	2,432	3,264	1,446	687	7,829	6,903
Support departments (4a)	1,758	1,644	1,418	355	5,175	5,560
Total expenditure	4,190	4,908	2,864	1,042	13,004	12,463

4a. Support departments

Facilities (1)	415	388	335	94	1,232	1,313
Communications (2)	186	174	150	-	510	426
Other support (3)	1,157	1,082	933	261	3,433	3,821
Total cost of support departments	1,758	1,644	1,418	355	5,175	5,560

- (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 2020 can be seen in note 23.

5. Income from other trading activities

	2021 £000	2020 £000
Income from other trading activities comprises:		
External conference and catering services	971	539
Income from sponsorship and partnership	869	832
Income from tenants	302	356
Income from non-charitable consultancy	84	64
	2,226	1,791

6. Income from investments

	2021 £000	2020 £000
Income from securities and cash assets:		
Equities	1,762	1,809
Bonds	301	200
Cash	1	2
Investment properties	616	738
	2,680	2,749

7. Expenditure on other trading activities

	2021 £000	2020 £000
Expenditure on other trading activities comprises:		
External conference and catering services	1,298	868
Cost associated with sponsorship and partnerships	372	277
Cost associated with tenants	6	22
Cost associated with non-charitable consultancy	66	41
	1,742	1,208

8. Raising funds costs

	2021 £000	2020 £000
Expenditure on raising funds costs comprises:		
Fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and properties	450	422
Interest expense on the loan	334	-
Property repairs and maintenance	213	170
	997	592

9. Employees

	2021 £000	2020 £000
Wages and salaries	7,744	7,597
Social security costs (including apprenticeship levy)	903	881
Pension costs (before final salary pension adjustments)	1,113	1,190
Total emoluments before final salary pension adjustments	9,760	9,668
Final salary pension adjustments	331	233
Total emoluments after final salary pension adjustments	10,091	9,901

Included in the above pension costs is £348,000 (2020: £305,000) relating to the current employer service costs of the defined benefit pension scheme and £56,000 relating to settlement agreement payments (2020: £0).

9. Employees (continued)

Average number of staff:

	2021	2020
Research and analysis	31	32
Developing individuals, teams and organisations	29	25
Promoting understanding	25	24
Bringing people together	7	6
Other trading activities	12	13
Facilities	10	11
Communications	4	7
Other support departments	23	25
Total	141	143

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

	2021	2020
£60,000-£69,999	11	10
£70,000-£79,999	8	10
£80,000-£89,999	3	3
£90,000-£99,999	8	10
£100,000-£109,999	3	2
£110,000-£119,999	2	3
£120,000-£129,999	2	2
£190,000-£199,999	1	1

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for four (2020: four) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for four (2020: six) higher-paid employees. Contributions totalling £415,000 (2020: £403,000) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 29 (2020: 29) higher-paid employees.

The total employee benefits, including employer pension costs, received by the Chief Executive in 2021 were £216,929 (2020: £216,941).

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 (2020: none). The total employee benefits, including employer pension costs and National Insurance, received by the key management personnel in 2021 were £1,008,000 (2020: £1,009,000).

10. Governance costs

	2021 £000	2020 £000
Auditor's remuneration		
External audit fees (Charity)	22	21
External audit fees (KEHF Limited)	5	5
Meeting costs	-	-
	27	26

Fees totalling £1,200 (2020: £1,050) were payable to the auditors for taxation services.

11. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	2021 Total assets £000
Cost				
At 1 January	55,350	4,777	3,091	63,218
Additions	-	-	366	366
Disposals	-	(33)	(231)	(264)
At 31 December	55,350	4,744	3,226	63,320
Depreciation				
At 1 January	3,402	3,541	2,230	9,173
Charge for the year	483	192	321	996
Disposals	-	(33)	(231)	(264)
At 31 December	3,885	3,700	2,320	9,905
Net book value				
At 31 December	51,465	1,044	906	53,415
Previous year	51,948	1,236	861	54,045

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 2021 The King's Fund had no capital commitments (2020: £0).

12. Intangible fixed assets

	2021 £000	2020 £000
Cost		
At 1 January	918	918
Additions	-	-
At 31 December	918	918
Amortisation		
At 1 January	845	751
Charge for the year	42	94
At 31 December	887	845
Net book value		
31 December	31	73
Previous year	73	167

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

13. Fixed asset investments

	2021 Total £000	2020 Total £000
Securities		
Equities	147,417	119,803
Index-linked bonds	6,380	4,448
Fixed-interest bonds	8,023	5,694
Private equity funds	3,016	3,217
Cash and cash equivalents	5,148	4,014
Investment properties	26,970	26,659
Consolidated total	196,954	163,835
Shareholding in subsidiary company	50	50
Charity total	197,004	163,885

13. Fixed asset investments (continued)

A loan of £20,000,000 was taken out in 2021, this has been fully invested in the securities portfolio and has helped to increase the value of the investments held. For more information about the loan see note 17.

Within the total securities, £161,820,000 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 £3,016,000 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. One of the funds will continue to return cash to investors prior to their final closure in 2023, the other has now fully closed and is in liquidation with final payments due once this process has been completed.

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 £15,570,000 (2020: £15,259,000) based on a management update to the 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 couple of years (2020: £11,400,000).

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

	2021	2020
	£000	£000
Opening balance at 1 January	163,835	161,143
Net monies invested/(disinvested)	16,718	(3,954)
Increase/(decrease) on revaluation	16,401	6,646
	196,954	163,835
Shareholding in subsidiary company	50	50
Closing balance at 31 December	197,004	163,885

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 comprising two The King's Fund trustees, a The King's Fund Facilities and Estate committee member and two The King's Fund employees.

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 have increased in 2021 but remain below pre-Covid-19 levels from 2019.

In the year to 31 December 2021, the company had income of £1,952,000 (2020: £1,405,000) and incurred expenditure of £1,565,000 (2020: £1,083,000) thereby generating an operating profit of £387,000 (2020: £322,000). The directors have made donations in the year of £387,462 to The King's Fund through Gift Aid. The resultant accumulated surplus of KEHF Limited at 31 December 2021 is £3,000 (2020: £3,000).

Excluding KEHF Limited's results, the Charity's total income in 2021 was £10,313,000 (2020: £7,430,000) and the Charity's net increase in funds was £22,875,000 (2020: net decrease of £5,607,000).

15. Debtors

	Consolidated 2021 £000	Consolidated 2020 £000	Charity 2021 £000	Charity 2020 £000
Trade debtors	1,364	1,355	1,037	1,160
Amounts owed by KEHF Limited	-	-	141	101
Prepayments	447	209	338	208
Other debtors and accrued income	495	523	488	523
Donations from KEHF Limited	-	-	76	114
	2,306	2,087	2,080	2,106

16. Creditors: amounts falling due within one year

	Consolidated 2021 £000	Consolidated 2020 £000	Charity 2021 £000	Charity 2020 £000
Trade creditors	469	425	332	419
Amounts owed to KEHF Limited	-	-	3	4
Deferred income – see analysis below	3,010	2,796	2,549	2,276
Taxation and social security	292	282	292	282
Other creditors and accruals	817	1,074	809	1,057
	4,588	4,577	3,985	4,038
	Balance at 1 January 2021 £000	Released during the year £000	Additional deferrals £000	Balance at 31 December 2021 £000
Deferred income analysis				
Programme fees received in advance	2,276	(2,276)	2,549	2,549
Charity total	2,276	(2,276)	2,549	2,549
Other deferred income including KEHF Limited	520	(520)	461	461
Consolidated total	2,796	(2,796)	3,010	3,010

17. Creditors: amounts falling due after more than one year

	Consolidated 2021 £000	Consolidated 2020 £000	Charity 2021 £000	Charity 2020 £000
Loan from MetLife falling due in over 5 years	20,000	-	20,000	-
	20,000	-	20,000	-

A 30-year loan was taken out on 14 May 2021 to enhance the long-term value of The King's Fund investments and has been invested in line with the strategic asset allocation. The loan is repayable in full at the end of the loan period in May 2051, in the interim the interest is payable in November and May. The future interest payable is as follows:

	2021 £000	2020 £000
Not later than one year	534	-
Later than one year and not later than five years	2,136	-
Later than five years	13,016	-
Total	15,686	-

18. 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 2021 there were 14 active members (2020: 14).

	2021 £000	2020 £000
The amounts recognised in the Balance Sheet are as follows:		
Fair value of plan assets	65,031	59,982
Present value of plan liabilities	(66,654)	(70,473)
Net Plan liability	(1,623)	(10,491)
	2021 £000	2020 £000
The movement in defined benefit obligations over the year was as follows:		
Present value of obligations at start of year	70,473	64,067
Current employer service cost	348	305
Employee contributions	73	82
Interest costs	938	1,254
Actuarial (gains)/losses	(3,161)	7,473
Benefits paid	(2,017)	(2,708)
Closing value of the plan liability	66,654	70,473
	2021 £000	2020 £000
The movement in the fair value of assets over the year was as follows:		
Opening fair value of plan assets	59,982	59,971
Return on plan assets in excess of/(lower than) interest income	6,038	1,310
Interest income on planned assets	798	1,175
Employee contributions	73	82
Employer contributions	157	152
Benefits paid	(2,017)	(2,708)
Closing fair value of plan assets	65,031	59,982

The Plan has pension liabilities which are insured with a value of approximately £23,000 (2020: £110,000). 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.

18. Pension schemes (continued)

	2021 £000	2020 £000
Total (expense) recognised in the Statement of Financial Activities:		
Current employer service cost	(348)	(305)
Net interest on the net defined benefit obligation	(140)	(79)
Return on Plan assets excluding interest income	6,038	1,310
Actuarial gains/(losses) arising from change in assumptions	3,161	(7,473)
Total income/(expense) recognised in the Statement of Financial Activities	8,711	(6,547)
	2021	2020
Proportion of total Plan assets by asset class:		
Equities (including property)	66%	62%
Bonds	26%	29%
Index-linked	8%	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.

	2021 £000	2020 £000
Actual return on Plan assets	6,836	2,485
The principal actuarial assumptions used at the balance sheet date:		
Discount rate (%)	1.85	1.35
Rate of increase in salaries (%)	2.85	2.40
General price inflation (%)	2.65	2.20
Rate of increase in pension payments:		
Service prior to 1 April 2000 (%)	4.25	4.15
Service after 1 April 2000 (%)	3.20	2.85
Life expectancy at 65 for:		
male aged 65	22.8	22.2
female aged 65	24.7	23.8
male aged 45	24.1	23.6
female aged 45	26.1	25.1

The King's Fund expects contributions of £161,000 to be made to the Plan in the year ending 31 December 2022 (excluding contributions made by employees).

18. Pension schemes (continued)

NHS Pension Scheme

The Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 8 (2020: 11) eligible members of staff as at the 31 December. In 2021 The Fund contributed £92,000 (2020: £104,000) to the scheme. The employer's contribution rate is set by the Government Actuary at 14.6 per cent.

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 112 (2020: 105) members of staff as at 31 December. The Fund contributed £864,000 (2020: £776,000) to the scheme. The employer's contribution rates are double each individual employee's contribution rate within the range from 6 per cent to 12 per cent of pensionable salary.

The pension charges for the period are shown below:

	2021 £000	2020 £000
The King's Fund Staff Pension and Life Assurance Plan	157	152
NHS Pension Scheme	92	104
The King's Fund Group Personal Pension Scheme	864	776
Total charges	1,113	1,032

19. Split of assets between funds

	Expendable endowment £000	Restricted funds £000	Unrestricted funds £000	Total funds 2021 £000	Total funds 2020 £000
Tangible assets	-	-	53,415	53,415	54,045
Intangible assets	-	-	31	31	73
Investments: securities	138,118	-	31,866	169,984	137,176
Investments: property	14,079	-	12,891	26,970	26,659
Net current assets/(liabilities)	-	(13)	762	749	(887)
Long-term liabilities	-	-	(20,000)	(20,000)	-
Pension fund reserve	-	-	(1,623)	(1,623)	(10,491)
Total funds	152,197	(13)	77,342	229,526	206,575

The £20,000,000 loan has been treated as unrestricted funding, hence the significant increase in unrestricted investment assets and liabilities.

To see the comparatives for 2020 please see note 23a.

20. 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	(25)	173	(173)	18	(7)
The National Lottery Community Fund (previously Big Lottery)	-	48	(50)	-	(2)
Government furlough	-	48	(48)	-	-
Other	-	5	(14)	5	(4)
Total restricted funds	<u>(25)</u>	<u>274</u>	<u>(286)</u>	<u>24</u>	<u>(13)</u>

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 2021, we undertook eight pieces of work. The biggest research projects were into the primary care Additional Roles Reimbursement Scheme, evaluation of care and treatment reviews for people with learning disabilities or autism following any instances of long-term segregation (ICETRs), changing patterns of abortion and sector-led improvement.

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 and in 2021 we received another top-up grant of £29,500 bringing the total of the project to £494,268 and this included an extension of the project to 2022 recognising the Covid-19 delays. The programme started in 2018 and £444,423 of funding had been received by 31 December 2020. In 2021 we received £49,847, bringing the total income to £494,847, of which we have recognised £404,000. The remaining income will be recognised in 2022.

The Fund continued to utilise 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.

To see the comparatives for 2020 please see note 23b.

21. 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 2021 the Charity charged KEHF Limited management fees totalling £196,000 (2020: £59,000). This is calculated as a percentage of external income.
- In 2021 the Charity charged KEHF Limited licence fees totalling £280,000 (2020: £150,000). This is calculated as a percentage of room hire income from external conference and catering services.
- In 2021 KEHF Limited charged the Charity administration fees totalling £18,000 (2020: £15,000). This is calculated as a percentage of internal room hire costs.
- As at the 31 December 2021 KEHF owed the Charity £76,000 of additional gift aid (2020: £114,000). For the total gift aid payable in the year see note 14 above.

22. Lessor operating leases

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

	2021 £000	2020 £000
Not later than one year	815	500
Later than one year and not later than five years	728	511
Later than five years	71	144
Total	1,614	1,155

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

23. Comparative statements

23a. Comparative split of assets between funds

	Expendable endowment £000	Restricted funds £000	Unrestricted funds £000	Total funds 2020 £000
Tangible assets	-	-	54,045	54,045
Intangible assets	-	-	73	73
Investments: securities	123,147	-	14,029	137,176
Investments: property	14,067	-	12,592	26,659
Net current assets/(liabilities)	-	(25)	(862)	(887)
Pension fund reserve	-	-	(10,491)	(10,491)
Total funds	137,214	(25)	69,386	206,575

23. Comparative statements (continued)

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	-	419	(444)	-	(25)
The National Lottery Community Fund (previously 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.

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.

23. Comparative statements (continued)

23c. Comparative consolidated statement of financial activities

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

23. Comparative statements (continued)

23d. Comparative consolidated statement of financial activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2020 £000
Commissioned work	612	1,375	18	-	2,005
Grants	446	169	17	30	662
Course places or event tickets	-	741	-	246	987
Other	-	-	82	-	82
Total income	<u>1,058</u>	<u>2,285</u>	<u>117</u>	<u>276</u>	<u>3,736</u>
Direct expenditure	2,404	2,654	1,294	551	6,903
Support departments (23e)	2,057	1,607	1,543	353	5,560
Total expenditure	<u>4,461</u>	<u>4,261</u>	<u>2,837</u>	<u>904</u>	<u>12,463</u>

23e. Support departments

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2020 £000
Facilities (1)	483	377	363	90	1,313
Communications (2)	169	131	126	-	426
Other support (3)	1,405	1,099	1,054	263	3,821
Total cost of support departments	<u>2,057</u>	<u>1,607</u>	<u>1,543</u>	<u>353</u>	<u>5,560</u>

- (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.

