

King Edward VII's Hospital

Annual Report and Financial Statements

31 March 2021



**KING EDWARD VII's
HOSPITAL**

Charity Registration Number 208944

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King Edward VII's Hospital (Sister Agnes)

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1 Trustees' Annual Report

INTRODUCTION AND WELCOME FROM THE CHAIRMAN

King Edward VII's Hospital (Sister Agnes), has a proud history dating back over 120 years and enjoys an international reputation for offering the highest standards of care.

Firstly, a huge thank you to the Leadership team and to all of our staff. I am tremendously proud of the role that King Edward VII's has played in partnering with the NHS over the last year in continuing to support its response to the COVID-19 pandemic.

In the last 18 months there have been unprecedented challenges across healthcare. As the pandemic took hold, frontline healthcare workers were required to keep things moving forward. For King Edward VII's it was essential to move fast to support the NHS and continue patient care. By the second week of March 2020, it was clear that NHS and private providers would be required to work in partnership as one healthcare system in order to treat COVID-19 as well as continue to deliver time critical treatment. In response to this, we swiftly put a strategy in place to begin treating NHS patients, stopping all non-urgent private elective work and over the course of 24 hours mobilised the Hospital to receive NHS patients. By Monday 23 March 2020, the Hospital had all its operating theatres up and running with full lists of time critical and urgent NHS cancer operations taking place.

I am proud of the agility, team spirit and leadership shown at the Hospital which meant we were able to successfully deliver care and provide capacity at the earliest opportunity, ensuring our staff were cross trained where appropriate so that we had resilience across the workforce. Across the Hospital, staff in all roles took the changes in their stride, with many taking on new responsibilities or adapting to their patients' changing needs.

Amongst all of this was the continuing threat of COVID-19, and the challenge of keeping the Hospital infection-free in order to deliver urgent surgical treatment. Our Infection Prevention and Control (IPC) Team worked tirelessly to ensure we followed the ever changing guidelines to the letter, with strict restrictions in place to keep our staff and patients safe, and we have remained COVID- free throughout.

To date, over this financial year, the Hospital has treated more than 1,100 NHS patients. This was a defining moment for the Hospital and we are proud to have been able to work with the NHS during such a challenging year, and to continue our support into 2021.

As we suspended all non-urgent work, the vast majority of our existing private patients had their treatment postponed. Effective communication at this point was imperative, taking the time to explain to our patients why this decision had been made. When the urgent need for capacity for time critical treatment had reduced, we began to resume private practice.

Despite the challenges COVID-19 presented, the Hospital was determined to focus on the future and managed to find new, innovative ways to drive the Hospital's strategic objectives forward. We continued to embed our collaborative and holistic models of care, to ensure patients could access healthcare as a preventative measure, as well as when intervention was required.

Several of the surgeons we worked with from the NHS have chosen to expand their private practices with us, giving us a higher concentration of expertise in our key areas and adding to the complexity of the work we do, including major gynaecological surgery and complex microsurgical breast procedures.

As orthopaedics, a main staple of our work, was put on hold during the pandemic, we pushed forward with breast, gynaecological and urology cancer care work. We began to lay the foundations for future growth during the pandemic and took the view that it was an opportunity to engage with, and recruit, new consultants, as well as continuing to develop our four clinical pillars and we were successful in doing this.

Key highlights have included our first complex breast reconstruction DIEP procedures, and an increase in highly complex gynaecological cancer surgeries, which enabled us to increase our utilisation of critical care, ensuring we are at the cutting edge of new technology for urology procedures, through the introduction of new robotic procedures via the Da Vinci XI robot acquired in 2019/20.

We have confirmed a partnership with the Cleveland Clinic London that will see King Edward VII's providing advanced breast services to Cleveland Clinic London patients. The Hospital has also launched its colorectal robotics service bringing together some of the UK's leading surgeons and world-renowned expert teachers, with state-of-the-art technology.

The Hospital has continued to adapt its operational model to maximise theatre and bed utilisation and has several ambitious redevelopment projects in the works. These include a new outpatient and diagnostic unit, two new theatres consisting of a day case theatre, accelerating a move toward more day surgeries, and a hybrid theatre, as well as the major refurbishment of the wards. This will further boost capacity and create an environment fit for a post-COVID healthcare facility.

The pandemic has sped up digital health services and innovation for the Hospital. Greater utilisation of telemedicine for example, has been successfully rolled out, providing benefits for COVID-safety and convenience. Our Veterans' Pain Management Programme was moved online at the beginning of the pandemic and the feedback from veterans that have been able to attend the programmes remotely has been extremely positive, and we were able to deliver more programmes over the last 12 months, helping more veterans. This approach will continue with the provision of both in person and virtual clinics in the future.

A revolution within the private sector itself has resulted in fewer individual practices, and instead we are seeing groups of consultants working together to provide the best care between them. This collaborative way of delivering services means that results and patient

satisfaction are measurable and drive up standards of care.

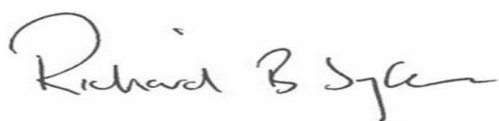
After a year of change and adaptation, we are looking forward to a future in which clinicians will continue to work collaboratively, with each other and the organisation, underpinned by quality and evidenced by data and outcomes. Agility and resilience are paramount, as is the adoption of digital healthcare services and delivery platforms. As waiting lists have increased significantly, patients will look to self-fund treatment, and the Hospital is ready to respond to this, however it will be important that as a healthcare system we continue to work with the NHS as part of their recovery plan.

The Trustees are very grateful to the Kantor Charitable Foundation for funding the development of the Kantor Medical Centre (KMC) which, following initial delays due to COVID-19, is now expected to open later in 2021 and which will provide additional outpatient consulting and treatment space together with state-of-the-art diagnostic equipment. We would also like to thank the Thompson Family for their generous donation which is supporting the Hospital to put in place a comprehensive programme of refurbishment and upgrading of our Hospital bedrooms and infrastructure.

In these most challenging of times, our Hospital continued to act without hesitation to continue to care for patients, and this would not have been possible without the commitment and professionalism of our team, for which I am extremely grateful.

Whilst pleased to have achieved a 'Good' Care Quality Commission (CQC) rating in our last full inspection, the Hospital continues on its 'Journey to Outstanding', with a continuous focus on improvement in all we do.

Our commitment to delivering quality care to our patients and veterans did not waver, even at the most difficult of times, which strengthened our organisational culture and with this as our foundation, I am confident that we will emerge from the pandemic an even stronger organisation. Whilst we recognise the challenges, including that of the continuing COVID-19 pandemic, we also see growing opportunities for building a sustainable model to enable the future success of the Hospital and our Trustees continue to look to the future with confidence.



Sir Richard Sykes

Trustee and Chair of the Board 20 October 2021

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2021.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 44 to 48 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regards to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

Reference and Administrative Details

Principal Office:

King Edward VII's Hospital
5-10 Beaumont Street, Marylebone, London, W1G 6AA

Auditors

Buzzacott
LLP
130 Wood Street, London, EC2V 6DL

Bankers

National Westminster Bank PLC
1 Cavendish Square, London, W1A 4NU

Investment Managers

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

Solicitors

BDB Pitmans LLP (to March 2020)
50 Broadway, London, SW1H 0BL

Bevan Brittan LLP (from April 2020)
2 Fleet Place, London, EC4M 7RF

DAC Beachcroft
100 Fetter Lane, London, EC2A 3LH

Macfarlanes LLP
20 Cursitor Street, London, EC4A 1LT

Patron, President and Board of Trustees

Patron

Her Majesty the Queen

President

His Royal Highness The Duke of Kent KG GCMG GCVO ADC(P)

Honorary Vice-President

Field Marshal The Rt. Hon. Lord Inge KG GCB DL

Life Governor

Dr V. Moshe Kantor PhD

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

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)
Mr Paul Biddle FCA
Ms Fiona Driscoll MA
The Rt. Hon. Professor Lord Ajay Kakkar BSc PhD FRCS
Dr V. Moshe Kantor PhD
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton
The Hon. Mrs Virginia Lovell JP, DL
Mrs Alison Parkhouse (nee Dean)
Professor Dame Lesley Regan DBE
Mr Simon Weil

Advisory Board

Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Martin Bricknell CB PhD FFPH
Mr Andrew Graham

Board committees

Audit, Risk & Assurance Committee

Ms Fiona Driscoll (chair)
Mr Simon Weil

Finance & Investment Committee

Mr Paul Biddle (chair)
Mrs Alison Parkhouse

Quality & Safety Committee

Professor Dame Lesley Regan (chair)

Professor Lord Ajay Kakkar

Property & Projects Committee

Sir Stuart Lipton (chair)

Professor Roger Kirby MA MD FRCS (Urol)

Fundraising & Veterans' Committee

Professor Roger Kirby MA MD FRCS (Urol) (chair)

The Hon Mrs Virginia Lovell JP, DL

Nominations Committee

Sir Richard Sykes FRS FMedSci HonFREng (chair)

Professor Roger Kirby MA MD FRCS (Urol)

Sir Stuart Lipton

Executive Team

Chief Executive

Lindsey Condron Andrews

Finance Director

Rod Morgan

Medical Director

Professor Justin Vale

Director of Nursing

Tonya Kloppers

Director of Operations

Kate Farrow

Director of Governance

Dr Jenny Davidson (until August 2021)

Director of Clinical Strategy

Dr Alan Farthing (from June 2020)

Director of Fundraising & Veterans' Health

Tim Brawn (until August 2021)

Director of HR and L&D

Becky Hine (until October 2021)

Commercial Director

Mike Lord (until July 2020)

VISION, MISSION, OBJECTIVES and VALUES

The Hospital's vision is "to be the leading private hospital in the UK and to support an increased number of veterans through our charitable work".

In doing so, its Mission is "to consistently deliver the highest standards of personalised patient centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

Objectives:

The objectives of the Hospital are:

- *To operate an acute Hospital;*
- *To provide the highest standards of patient care; and*
- *To provide treatment at preferential rates to Service patients, serving or retired, and their spouses.*

Achievements and Highlights

The Hospital's achievements against these objectives are as follows:

Support to the NHS during COVID-19

The Hospital rapidly mobilised in support of the NHS at the onset of the COVID-19 pandemic in March 2020. At the outset of the pandemic, we swiftly put a strategy in place to begin treating NHS patients stopping all non-urgent private elective work and over the course of 24 hours mobilised the Hospital to receive NHS patients. By Monday 23 March 2020, the Hospital had all its operating theatres up and running with full lists of time critical and urgent NHS cancer operations taking place and in the first three weeks treated more than 200 NHS patients with time critical cancers/surgery. Patients requiring time critical cancer and benign surgery were able to access the treatment they needed as the Hospital supported several London NHS trusts. Particularly strong and successful partnerships were forged between King Edward VII's and Imperial College NHS Trust; and with Barts Health. By committing all available resources with great speed and efficiency, the Hospital's support meant that nearly 750 NHS patients were able to receive life-saving or life-changing surgery during the early months of COVID-19's impact and over 1,100 by the end of the financial year. The Hospital also provided vital equipment and staff to the NHS which included staff being redeployed to help at the London Nightingale as well as giving over ventilators to treat seriously ill COVID-19 patients. Patient and clinician feedback has been extremely positive and we feel extremely proud to have been able to step in and support our NHS colleagues and patients throughout this time.

Through our work with NHS colleagues, we secured activity that was in line with our clinical and operational strategy. As orthopaedics, a main staple of our work, was put on hold we pushed forward with breast, gynaecological and urology cancer work and began to lay the foundations for future growth during the pandemic. We took the view that it was an opportunity to engage with, and recruit new consultants, as well as continuing to develop our four clinical pillars and we were successful in doing this.

During the pandemic staff across the Hospital showed significant resilience and support to the NHS contract and our elective patients. Employees cross trained to be agile and able to support other departments should there be a need due to isolation requirements. During the anxious and uncertain times of the pandemic to support employees, in addition to the Employee Assistance Programme available, further one to one counselling sessions were arranged in June and October 2020. These were well received.

Moving forward and as the country enters a new phase of the pandemic we are seeing a slight increase in staff attrition, especially in clinical areas which is a national trend.

Whilst the Hospital has a small complement of volunteers they were unable to volunteer during the pandemic as they were shielding.

Clinical highlights

Key highlights have included our first complex breast reconstruction DIEP procedures, an increase in highly complex gynaecological cancer surgeries, increasing our surgical usage of the robot as well as introducing new robotic procedures including colorectal robotic surgery.

Financial Position and the impact of COVID-19

Total income for the year was £31.3 m. Year-end average theatre utilisation was between 75-85%, a 20% improvement on the previous year, with March 2021 achieving the highest activity on record for the Hospital, with a total of 554 patient admissions. Our plan is to maintain levels of 545 per month on average in 2021/22 through predominantly private activity. This is largely due to the additional operating theatre opening in September 2021.

We received lower than usual international activity as a result of COVID-19 travel restrictions during the financial year, though we are now seeing complex urgent cases return and additional international referrals are expected via recently agreed new partnerships.

The Hospital has continued to drive forward reduced length of stay for patients through enhanced recovery pathways and introducing innovative ways of operating. This has been particularly successful with the launch of our colorectal robotic group. Patients having these operations done openly and without enhanced recovery would have historically stayed in the Hospital for over ten days. The team have been successful at reducing the average length of stay to under a week.

The financial position in 2020/21 was distorted by the impact of the pandemic on private activity and revenues in comparison with the pre-pandemic year 2019/20 with an overall £0.2m positive movement in funds in the year. This has not had a material impact on sustainability and going concern. In this year of post-pandemic recovery, there remains some uncertainty over how demand will recover. However, we have work in train to be ready to respond to the increasing growth in the self-pay market.

We have responded proactively and effectively to the requirements of the KPMG review and finalisation of the end position in terms of the NHS Contract with the private sector in response to the pandemic, as well as to their lessons learned exercise which in turn will feed into the national review underway.

Strategic Developments

We have taken forward a Hospital Strategic Review which will be finalised in 2021, and have expanded our clinical strategic model with thriving multi-disciplinary teams (MDTs) across our four pillars and good clinical nurse specialist (CNS) support having put in place nurse led clinics and screening programmes for urology and colorectal services. Our growth in activity in more complex breast, gynaecological, urological and orthopaedic cases, colorectal robotics (the first programme of its kind in the UK Independent Sector) and trauma reflects the strengthening of these specialties.

The Kantor Medical Centre (KMC), a key element of our strategic development, is due to open later in 2021. Through this we will gain further out-patient consulting and treatment space, together with state of the art diagnostic equipment and the opportunity to further expand our busy out-patient practices that complement our surgical specialisms.

Transformation Programme

The Hospital has taken forward its transformation programme, embedding continuous quality improvement (QI) methodology and projects across the Hospital. Examples of QI projects underway include:

- Quiet at night – reducing the noise from call bells through utilising a system that diverts calls to the phones nurses carry during night hours.
- Redesigning nursing documentation – improving the quality of the information collected and ensure it complies with NICE guidance.
- Introducing the enhanced recovery pathway – helping to improve patient outcomes and reducing length of stay in Hospital.
- Improving patient information – with an initial focus on reducing the number of documents sent to patients pre-admission and compiling this into a more user friendly brochure that can be sent electronically or by post.
- Launching our Contact Centre in January 2021 – replacing our bookings and enquiries service.

There are a number of ways of measuring the standards of patient care including both patient experience and patient outcome including the following:

- The Quality Improvement Board has a patient representative to provide invaluable feedback on the views and perspective of patients.
- An external company provides a patient survey which measures patient experience and the Hospital has met targets for both the 'Friends and Family Test' and 'Overall Care', as well as receiving numerous plaudits for the care received whilst at the Hospital. To support the Hospital in continuously improving work in this area, a Patient Experience Strategy has been developed and a champion identified at Board level who will also join the Quality and Safety committee in 2021.
- Patient outcomes are benchmarked against national standards through the Private Healthcare Information Network, and the Hospital further invested in Copeland's Risk Adjusted Barometer to analyse our patient outcomes against national and international data. The risk adjusted surgical scores for the Hospital show good outcomes with low incidence of complications and mortality.
- The Hospital utilises Doctify – an online assessment – which consistently reports excellent feedback for our consultants and staff. Similar results are seen through Google. The small number of negative reviews have been actively dealt with and responded to. Feedback is shared at the Patient Experience committee and with Heads of Department.
- The 'PLACE' – patient led assessment of the care environment – audits take place annually – this was ceased during 2020/21 due to COVID-19 and will be restarting as 'PLACE lite' in 2021/22. During this time we have kept a keen eye on the patient survey results which do cover some of the same aspects of care (e.g. catering, accommodation and patient dignity). All of the following are either above or on target:
 - The overall admission experience: 98.6%
 - Overall nursing care: 98.6%
 - Catering services: 97.5%
 - Overall room cleanliness: 98.8%
 - Overall accommodation: 98.3%
 - The overall quality of care: 99.6%.
- All of our staff are dedicated to providing the best possible care and patients are particularly appreciative of their efforts. 96.9% of our patients agreed that they were treated with dignity and respect at all times and 98.7% said they were 'Always' given enough privacy when discussing their treatment.

- The Hospital was the only private Hospital to be a finalist in the Patient ExperienceNetwork Awards in 2020.

The Hospital participates in the Butterfly scheme annual audit for dementia services and a Mencap annual review, however these were delayed due to COVID-19 and personnel shielding. The representatives from the organisations have been in contact virtually and the programs are continuing within the standards recommended. An RNID audit will take place in 2021 for new buildsand current estate.

Patient Engagement

The Hospital has continued increased patient participation and engagement through its Patient Focus Group which meets quarterly. This group is highly engaged and provides feedback on a number of initiatives, Quality Improvement projects and information brochures. Patients have also been represented at a number of committees. We have enabled virtual attendance given the current circumstances.

Marketing Highlights

In March 2020 we launched a new series of patient webinars branded 'KE7 Explains.' A brand awareness exercise highlighting the specialist expertise of our consultants on the panel, whilst also showcasing our collaborative, multidisciplinary approach to care. We deliver a free educational webinar with interactive Q&A sessions, advertised through social media and using influencerswhere appropriate. To date we have run four webinars and have reached a wide audience, achieving excellent engagement in attracting more than 200 subscriptions for our first two webinars: Endometriosis Explained and Severe Endometriosis Explained. We have also covered Bowel Cancer and Knee Surgery.

The Hospital's new Contact Centre goes from strength to strength. Recruitment into the team was completed in March with six team members fully inducted, and subsequently the leads, bookings and associated revenue have risen and remained at a consistently high level.

Leads into the Contact Centre come via the website, social media, Google Pay Per Click (PPC) and social advertising. Performance of our Google PPC account has showed steady and continuous improvement, with an improving monthly conversion rate. Unique website users rose 43% year on year. Our bespoke content platform, Health Hub, continues to perform well with unique page views up 84% year on year and our monthly page views are up by 202%.

Our efforts to collect Doctify reviews have resulted in a total 972 reviews by October 2021, with an overall Patient Trust Rating of 4.84/5.

The latest Doctify review said:

"I have never been to a medical establishment with a more friendly, positive and helpful staff."

In January 2020 we released an animated film promoting our safety measures, whilst also developing brand perception with a high quality production. Our reach on Facebook rose to 84,000 in February with 27,061 views.

The Hospital had a great year for PR coverage with a range of content making it into national press and industry media. 'Lessons in Leadership' was a profile of our Chief Executive in Harper's Bazaar magazine online (syndicated in Yahoo Style and Yahoo Finance), where the Chief Executive talked about her experiences as a leader, particularly through the COVID-19 pandemic response.

Our Clinical Director for Women's Health Professor Christina Fotopoulou was placed in the top-tier consumer lifestyle title Sheerluxe, in its 'My Interesting Job' segment, discussing her work at King Edward VII's Hospital.

Consultant urologist and robotic surgery expert Mr Paul Cathcart filmed a robotic salvage prostatectomy at the Hospital which featured in the prestigious EAU Robotic Urology Section (ERUS) together with the German Society of Robotic Urology (DRUS) urology conference in Germany.

One of the biggest achievements was getting an exclusive in the Daily Mail for GP2 driver Juan Manuel Correa, Jon Simmons and Ian Sinha to discuss Juan's experiences with the Hospital's Trauma Service.

A wide range of coverage was achieved in industry titles, including Health Tech World on salvage prostatectomy following an interview with the Medical Director, coverage in Laing Buisson, Health Tech World, Med Tech Innovation and Robotics and Innovation on our Colorectal Robotics Service.

Laing Buisson also featured the Hospital in a case study looking back at the last year (print and on line) early in 2021/22.

Values:

The Hospital values which were revised in 2019/20 have been embedded within the Hospital through the employment lifecycle of employees starting with reference in job adverts, values-based questions used at interview, teaching on induction, reflection in our reward and recognition programme, performance improvement and appraisal. A behaviour framework "The King Edward Way" has been developed to further describe the expected behaviours exemplified by the values.

Professionalism – we encourage our teams to be the best they can and meet the highest standards through:

- Acting with integrity
- Accountability
- Continued learning

Quality – we will provide excellence in everything we do through:

- Innovation
- Listening to, and acting on, feedback
- Measuring outcomes and informing actions

Respect – we will respect other people's views to ensure an open, inclusive working environment through:

- Compassion
- Dignity
- Honesty

Safety – we are committed to providing a safe environment for our patients and colleagues through:

- A learning culture
- Freedom to speak up
- Transparency

Teamwork – We work as a team so we will achieve more together by being:

- Collaborative
- Fair
- Open

HOSPITAL ACTIVITIES, CLINICAL GOVERNANCE and FUNDRAISING

The Hospital is committed to providing an excellent patient experience. Good clinical standards, reflected in the CQC rating of 'good', are aligned with good clinical governance and clinical audit arrangements. Our fundraising enables us to provide grants and our Pain Management Programme to Veterans.

Hospital Activities

The Hospital offers patients a wide range of treatments across both medical and surgical specialties along with critical care facilities and has three operating theatres and 56 inpatient rooms all with en-suite bathrooms. It also has a critical care facility which enables the Hospital to carry out highly complex procedures and treat patients with complex needs. In 2020 a decision was taken to upgrade our existing endoscopy suite into a fourth fully functional operating theatre. Whilst the design has remained sympathetic to the Joint Advisory Group on Gastrointestinal Endoscopy (JAG) accreditation requirements, the space will be multifunctional providing the Hospital with the additional operating capacity it requires. We will be able to maximise the space to drive forward a productive and efficient day surgery unit.

The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- Acute services
- Diagnostic and screening services
- Doctors consultation services
- Long-term condition services
- Rehabilitation services
- Veterans' Pain Management Centre

The Hospital continued to see substantial growth over the course of 2020/21 which enabled us to invest in further health technology and development of our Estate. The Hospital has been successful across the year in creating teams in women's health, both in breast and gynaecological care, as well as in musculoskeletal and digestive surgery. This was built on the approach used in the previous year around urology and the introduction of a surgical robot for urological procedures, and treatments such as high intensity focused ultrasound (HIFU) and the use of the NanoKnife for focal therapy and prostate cancer treatment, and has been successful in taking forward development of enhanced pathways through wide ranging partnerships including the Cleveland Clinic.

Operational Improvements

In 2020/21 we have continued our focus on cost improvement and efficiency and this has included greater control over processes and procedures both operational and financially. By embracing clear methodology in a number of areas, namely cost improvement and quality and efficiency programmes, significant improvements have been made across the Hospital particularly in theatres and outpatients. Consultant feedback and behaviour has continued to provide evidence that the changes being made have had a noticeable impact. More complex work has taken place in theatres, and our financial processes are more streamlined. This transformational work which began in 2019 continued into 2020/21, supporting the organisation to take advantage of the planned expansion of outpatient and diagnostic capacity and the increase in surgical capacity with a major focus on theatres and the standardisation of kit, specifically in musculoskeletal services with savings and efficiency having been, and continuing to be, realised.

Developing and Recognising our People

The Hospital has a commitment to providing patients with the best care, supported through building a professional workforce, which continuously seeks to improve.

Providing good nursing education is a catalyst for innovation, and understanding best practice care delivery and to support this we are developing lifelong high quality Nursing Education. A Nursing and Allied Health Professionals strategy has been developed with the engagement of the team and approved by Board in 2021. This strategy articulates what is important to the clinical team. The vision is that we will provide outstanding person centred care and be the employer of choice for all healthcare workers. We have created a culture of staff recognition and support; developed the teams to achieve their best and strive for excellence. We have employed an experienced Clinical Practice Facilitator to lead this priority of nursing education. The Hospital has become a member of NHS Elect and The Florence Nightingale Foundation – both organisations that champion and support nursing development.

Strong nursing leadership has been achieved by a revising the nursing structure in all areas to provide senior nursing and ward leadership roles that are accountable, data savvy and patient- centred, with the skill set to collaborate internally and externally to drive quality, efficiency and activity. During the year we have successfully recruited into key nursing and education posts enhancing our ability to drive forward with our Nursing and AHP Strategy. This has included the continuing development of our CNS roles putting in place lead and link roles to provide succession planning and progression.

'Patient Choice' - the Hospital staff appreciation awards, were established in May 2019 and are based on patient feedback. These awards are granted to staff frequently commended in our patientsatisfaction surveys. During the course of the year we presented 12 awards, a clear and continued recognition of the care and compassion for which the Hospital teams are well known.

The 'Edward Awards' – our values based reward and recognition scheme recognising behaviour that exemplifies our values – was introduced in June 2021, where managers and peers nominate their colleagues for demonstrating exceptional behaviours aligned to our values; with instant and monthly awards being presented. These will culminate in an annual awards day to celebrate everyone's achievements and for overall award winners for each value to be recognised.

With the support of the Apprenticeship Levy, we have appointed two apprenticeships, one in Information Technology (now in a permanent post) and one in Human Resources (currently undertaking the course).

The pandemic required the Hospital to reconsider its approach to education planning for the year with the cancellation of face to face and simulation training and staff deployed into different clinical areas. The staff in all areas rose to the challenge – providing local training to deployed staff and additional training on COVID-19 precautions (e.g. donning and doffing, proning and ventilation).

The Hospital has introduced a new appraisal system for managers and non-managers based on clearly defined competencies in 2020/21 linked to our values. The new appraisal system for managers and new managers based on clearly defined competencies was introduced last year and is continuing to embed with the addition of a 360 degree element.

We have continued to develop our Diversity and Inclusion Strategy with external support. The strategy has been extended to reflect employee and patient experience and the Diversity and Inclusion committee expanded to include patient representation. We have also employed an employee engagement manager to lead these initiatives.

In response to the pandemic we established robust governance structures and restructured our Infection Prevention and Control (IPC) Team at the start of 2020 with the new team working tirelessly to ensure we followed national guidelines and requirements to keep our staff and patients safe. Throughout the year we met and maintained the standards required for a 'Green' hospital site and put in place an effective staff vaccination programme ending the year with over 80% of our staff vaccinated.

In response to the pandemic we rapidly and effectively adjusted to new ways of working moving to home and remote working where possible with support from IT and Operations and ensuring cross training of staff to provide resilience where potential single points of failure were identified.

Turnover remained consistent throughout the year from April 2020 to March 2021 (turnover ranged from 0.7% to 3.4% during this period) and has averaged 1.5% comparing favourably against the internal benchmark of 2.5% set around 2019 and based on previous turnover rates within the Hospital.

Clinical Governance and Performance

The Hospital has an established clinical governance framework that provides oversight and assurance on the safety, quality and effectiveness of care and services provided. A 'ward to board' approach supports a culture of openness and transparency throughout the organisation. The Hospital has a good reporting culture with an incident reporting and learning process, complaints management in line with national standards and a comprehensive clinical audit programme.

The Hospital continues to have positive relationships with its regulators and has embedded the core principles laid out by them in how we work. It has strong patient engagement and involvement throughout the organisation, with a Patient Experience Group and Patient Forum in place. We were one of the first private sector Hospitals to have a 'Freedom to Speak Up Guardian' (FTSU) in 2018 and during the year had three active FTSU Guardians in place as a commitment to openness, learning and listening to staff. The Hospital's Quality Improvement program has been running for over two years and empowers staff to identify where change is needed and work through cycles of improvement for the benefit of patients, staff and services.

The Hospital is engaged with a clinical analytics company Copeland Clinical Ai (C2-Ai), which provides risk adjusted, benchmarked reports for patient outcomes. C2-Ai provide quarterly reports that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions.

Fundraising

It is because King Edward VII's is a charity that makes us different. The Hospital was founded in a time of need when veterans could not get the medical treatment they needed — that continues today. 120 years on, we still help veterans of the armed forces through life-changing grants, discounts and the ground breaking Pain Management Programme that is helping hundreds of veterans to access the treatment they require.

The Hospital's activities support the Charity's aim. The Hospital's operating surplus, together with its reserves, ensure that its charitable purpose can be delivered in the medium term and continues to pride itself on its charitable history and its continued commitment to increasing the number of veterans it treats on an annual basis.

Through the donations of supporters, we are able to offer means tested grants to veterans who could not otherwise afford their care or may need treatment more rapidly than they could receive elsewhere. This is making a big difference to those who have served our nation as well as to their spouses and partners.

We are registered with the Fundraising Regulator and work in compliance with the Code of Fundraising Practice.

How our campaigns are run

The Hospital appeals to its supporters for help as well as applying to trusts and Foundations. This work was supported in the year by a team of three in the Fundraising department with a part-time events organiser. We run mainly small events along with one or two larger events each year. The fundraising is focused on our work with veterans and also the capital equipment needs of the Hospital. The Hospital does not, other than offering tickets to events, ask the general public to donate to the Hospital; however, some do.

We are the grateful beneficiary of the Annual Lord Mayor's Big Curry Lunch, which, through the Army Benevolent Fund (ABF) Soldiers Charity, funds two Pain Management Programmes for veterans each year. We receive donations from a number of other Trusts and Foundations as well as from generous individuals. Of particular note is the commitment from the Thompson family of a donation of £12m to enable comprehensive refurbishment and upgrade of our patient bedrooms and a donation of £9m from the Kantor Charitable Foundation for the build of our new outpatient and imaging centre which will be named Kantor Medical Centre. The Centre is expected to open in the late 2021 and will provide additional outpatient consulting and treatment space housing state of the art diagnostic equipment and providing the Hospital with the opportunity for further expansion of outpatient practices that complement our surgical specialisms.

The fundraising and Veterans' Health departments were unable to host live events during 2020/21 due to COVID-19 and our fundraising work was scaled back during the year due to the impact of the pandemic, however donations continued to be received, albeit at an understandably slower pace, than in previous years.

Our major donations, already secured and pledged have supported our planned redevelopment works. Our plans for 2020/21 are moving forward at pace. However we recognise we have a challenging fundraising target for the year to come, and to support delivery of this a dedicated Board sub-committee has been established to oversee the delivery of our new Donor, Fundraising and Veterans' Health Strategy which is under development, with reports received at both Board of Trustees and the Advisory Board.

All of our staff are offered on-going training and can attend events and conferences to network with their peers and learn good practice.

A Complaints Log is maintained by the fundraising team. During the past year we have received no complaints.

We ran eight (virtual) Pain Management Programmes which were very positively received, and treated 60 veterans on these Programmes across the year.

"It has opened up so much to me that pain when understood can be managed efficiently. There is a lot of academic work ensuring that it is managed to an acceptable level. The programme is first class and will change my life for the better in the future"

We very successfully adapted to run these programmes virtually which has been very well received by veterans, and have agreed a new contract with clinicians to deliver at least seven virtual pain clinics a year in the future. The Programmes continue to be incredibly well received with outstanding clinical outcomes and numerous testimonials from veterans. Our Veterans' programme is expected to be the focus again of the Annual Lord Mayors Big Curry lunch celebrations and a major insurance group has approached the Hospital with an offer to sponsor 10 veterans through the Pain Management Programme in 2020/21.

We awarded 21 grants to the value of £101,000 of which £76,000 was paid in the year, for veterans to receive treatment at the Hospital, a slight reduction on the previous year.

The Hospital received national recognition again for its continued support to Veterans' Health with our Pain Management Programme being a finalist in the 2020/21 HSJ awards.

HOSPITAL STRATEGY

The Hospital strives to continually improve both services to our patients and facilities for our consultant body and provide free or subsidised medical treatment for veterans.

The Hospital and its charitable works are built on 120 years of heritage. The future of King Edward VII's will continue to connect to its past, but with a clear strategic focus on what we wish to achieve. Outstanding patient care is the focus of all our objectives and we will work to ensure that it continues to be the Hospital of preference for patients and consultants. We continue to be renowned for outstanding patient-centred care delivering the best outcomes for our patients.

Clinical Areas of Focus

Clinical Directors lead each of our strategic pillars. The clinical directors are specialists within their fields and support the strategic aims and business objectives of the Hospital, but more importantly provide clinical leadership which is hugely important to an organisation that has ambitions of driving innovation and quality at every level.

Our four clinical areas of focus are:

Musculoskeletal

Women's Health

Urology

Digestive Health

Structuring our clinical services into four clearly defined patient-centred services has translated into easy communication across the Hospital about what our focus is and will continue to be. It has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This clear focus has seen us embed quality multi-disciplinary teams (MDTs) across multiple specialties, increase revenue, and deliver outstanding focused patient care.

We continue to build a model of collaborative working across all our clinical specialties, driving innovation and ensuring that our outcomes are measured and evidenced. The Clinical Directors have developed detailed clinical strategies for their areas. This will sit alongside overarching work which has taken place to refresh and move forward our Hospital strategy.

Our clear and concise strategy has contributed to many consultants seeking an opportunity to work at the Hospital. This has added further need for additional capacity and the development of the Hospital's Estates Masterplan. As the Hospital is enabled to deliver this Masterplan, it will significantly transform and expand services, upgrading key patient and

outpatient technologies and renewing the physical fabric of the various Hospital buildings. At the core of this initiative is the provision of additional surgical capacity and a significant expansion in the number of consultation and examination rooms, both in existing and new environments.

This work will align with the upgrade of mechanical and electrical systems for the entire Hospital to support the full range of diagnostic and treatment technologies. In 2020 the Hospital commissioned a survey of the entire mechanical and electrical systems across the estate. It was a significant piece of work that is now helping align our redevelopment strategy going forward in parallel with the Hospital's desire to expand. The magnitude of the masterplan will serve to transform the entire campus physically and streamline clinical operations overall.

We continue to work closely with private medical insurers, but are focusing on further enhancing our attraction to self-pay patients and international patients, alongside developing strategic partnerships with other healthcare providers.

Digital Transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are looking to develop a digital vision, delivering excellent patient care in a safe environment through excellent digital services. This digital future will support the Hospital's ambition to become the leading private Hospital in the UK, deploying innovative digital solutions supported by best-in-class IT services.

The Hospital's digital vision will support these key elements within the Hospital:

Patients:

- Patient-centric services enabling them to manage their own health.
- Personalised patient care around preferences and needs.
- Adoption of digital tools, such as “wearables” that provide real time data to clinicians.
- Enabling patients and carers to access, update and communicate with the clinical teams.

Clinicians:

- Real time access to integrated patient information at point of care.
- ‘Paper lite’ environment, where information is available through an electronic patient/health record, orders are created and managed electronically and where communications are made and recorded electronically.
- The patient record is easily accessible, easy to use and supports their work.
- Historic data is scanned and archived.
- Improved clinical pathways can be developed and easily deployed.

Operations:

- Supporting clinical colleagues to develop improved clinical pathways and systems.

- Improving operational processes via new technologies, such as Artificial Intelligence (AI), Natural Language Processing (NLP) and Robotic Process Automaton (RPA).
- Delivering improved agility to deliver new services, both within the Hospital and external partners.
- Improve consistency and effectiveness of service delivery, both clinically and operationally.
- Deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

Staff:

- Support staff in their day-to-day duties, communicating and collaborating across all department and specialties.
- Enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner.
- Use modern tools to access and change and manage information about themselves

IT:

- Create a modern business-focused IT department delivering services to support our overall strategy and business imperatives.
- To support rapid process and business change delivery speed and agility in all aspects of service delivery.
- To be able to deliver projects and programmes to time and to budget. To adopt a formalised project methodology to ensure quality, focus and priorities.
- Have capacity and capability to support the digital vision and strategy of the Hospital.
- Review and adopt cloud technologies where appropriate.
- To adopt best practice service management to support the business, including incident management, capacity management, asset management and planning. Fully supporting the patient, clinical and other stakeholders.
- Information governance and cyber security are proactively managed ensuring that all Hospital data and patient information is managed to the highest standards.

As part of the plan to deliver digital transformation, a report was commissioned to review the current state of IT within the Hospital. The primary aim of the report was to understand how IT is currently supporting the Hospital and its ability to sustain a digital agenda going forward. The report recommended appointing a CIO and senior team to undertake the development, planning and delivery of the digital strategy including upgrading the infrastructure to code, update the application landscape, implement system integration, design and implement a new IT team and service management provider and to support the successful mobilisation of both the Kantor Medical Centre and the Day Surgery Unit programmes.

Public Benefit

When setting the objectives and planning the work of the Charity for the year, the Board has given careful consideration to the Charity Commission's general guidance on public benefit.

The Hospital is committed to ensuring that as many members of the Armed Forces as possible are able to access our healthcare at little or no cost to themselves. In line with this, we have been working particularly hard to increase accessibility and raise awareness of our subsidy and grants programmes and to ensure that our programmes continued despite the challenges faced by COVID-19 with a highly successful move to virtual service provision for our Pain Management Programme which has been particularly valued.

Our subsidies and grants are open to all uninsured Service personnel, their spouses, ex-spouses, widows and widowers. They are given regardless of rank or length of service. The extension of our subsidy scheme to cover outpatients as well as inpatients has continued to be a success as we promote the subsidy in our Consulting, Imaging and Physiotherapy departments. Over the last year we have continued to give grants, from both our Sister Agnes Benevolent Fund and from the Linked Charity, The Charity of Alexander Michael Levy. Grants are means tested and therefore specifically for those of more limited means. A number of our key consultants remain committed to reducing or waiving their fees for grant beneficiaries.

We constantly review the support that we offer against the need as defined by the Armed Forces.

STRUCTURE AND CORPORATE GOVERNANCE

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital.

Governing Document

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No 208944) founded in 1899 and constituted by Royal Charter to operate an acute Hospital where serving and retired officers of the Services and their spouses can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

With the support of the Privy Council and of the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change was in 2017.

The Board of Trustees

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital. Meetings of the Board of Trustees are attended by the Executive Team, who provide information, data and assurance on their areas of responsibility in the organisation.

The Trustees are unpaid and upon election undergo a formal briefing and induction with the Chair of the Board, the Chief Executive and members of the Senior Management Team of the Hospital and, where possible (pandemic restrictions permitting), take part in a detailed tour of the Hospital which gives each Trustee the opportunity to meet and talk to the staff.

Trustees are recruited and elected to the Board in line with best practice considering the experience and skills required, the contribution they will bring, and in line with the Hospital's Equality and Diversity policy. Each Trustee has been provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee, and they participate in ongoing training as required.

Responsibilities of the Board of Trustees

The Trustees are responsible for preparing the Trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Hospital (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

KEY RISKS

The overall responsibility for the identification, assessment and mitigation of major risks to which the Hospital is exposed lies with the Board of Trustees. This responsibility is discharged through the Chief Executive, the Senior Management Team and a Designated Risk Manager (Director of Governance), supported with advice from the Hospital's Health and Safety Advisor, Health and Safety committee, Microbiologist and other Hospital committees, and recommendations from inspection reports.

The Audit, Risk and Assurance committee reviews the Risk Management Strategy annually and the Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate those risks; this is reported to the Board of Trustees.

The following three principal risks and uncertainties were identified by the Board of Trustees during the financial year 2020/21 with comprehensive action put in place to mitigate these risks:

COVID-19: Pandemic and harm/death risk to staff, patients and organisation (reputational & financial)

- Infection Prevention and Control (IPC) Strategy and work plan in place supported by strong IPC arrangements and regular audits
- Private activity was impacted but this was in part mitigated by Hospital investments which benefitted from the strong recovery in equity markets following the onset of the COVID-19 crisis
- Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout, with additional capacity coming on line through our redevelopment programme demand is set to increase

STRATEGY: Viability of existing business threatened by growth of competition

- Overarching strategy in place and being refreshed in 2021/22, under direction of the Board and its Strategy sub board supported by strategies for the four clinical pillars
- Exploration of clinical collaboration models and partnerships
- IT and digital strategy development and priority programmes in place
- Equipment replacement programme

PROPERTY REDEVELOPMENT AND PROJECTS: Further delays to project completion impacting on capacity and strategic plan

- Comprehensive project governance arrangements in place and overseen by the Board
- External project support
- Recruitment to Lead roles

Board Committee Structure

The following are committees of the Board, and as such have specific delegated authorities from the Board of Trustees, as detailed in the Schedule of Reserved and Delegated Powers. All Board sub-committees unless otherwise indicated meet quarterly.

The Advisory Board

As required by the Royal Charter, an Advisory Board is in place to support the Board. It meets periodically and as required. Its role is to provide support, advice and guidance to the Board of Trustees and Executive Team in terms of the development, effectiveness and success of the charitable and independent healthcare provider element of the organisation. To support this, the Advisory Board has been more closely aligned to the Fundraising and Veterans' Health committee. The Fundraising and Veterans' Health committee meets quarterly to agree on the Hospital's fundraising objectives and to review progress against these. It also sets the policy for grants awarded to Veterans and their families for hospital care and treatment, and oversees the services provided by our Centre for Veterans' Health. In addition to fundraising and charity responsibilities, the Advisory Board is responsible for making any changes required to the composition and membership of the Board of Trustees at the Hospital. In 2021/22, a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health was established — meeting for the first time in April 2021. This group will meet quarterly and will work closely with both the Advisory Board and the Board of Trustees and will lead on delivery of the new Fundraising and Veterans' Health Strategy. A new Fundraising Strategy is currently under development.

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this committee is determined by the Board of Trustees.

Finance and Investment Committee

The Finance and Investment Committee undertakes, on behalf of the Board of Trustees, thorough review of financial policy, performance issues and risks, alongside review of budgets and business plans. It also has delegated responsibility to provide strategic direction and responsible oversight of the Hospital investment portfolio and reserves. During the 2020/21 financial year the committee met monthly to monitor the impact of COVID-19 on the underlying and forecast position.

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that high quality care is being delivered across the Hospital, ensures robust clinical governance arrangements are in place and oversees strategies related to patient engagement. It has received the COVID Assurance Framework and provides assurance to the Board that appropriate arrangements are in place around infection prevention and control. The

committee acts in a positive and open manner, and acts as a source of support and advice.

Property and Projects Committee

The Property and Projects Committee has delegated responsibility for the oversight and management of the key infrastructure development projects at the Hospital and has an oversight role on behalf of the Board for Health and Safety.

Executive Committee

The Executive Committee meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's Business Plan and objectives and assess whether structures and systems in place are working effectively and efficiently. The Executive Committee also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments, and developments of the Hospital.

Corporate Social Responsibility

As a charitable healthcare organisation and employer, we are committed to ethical and sustainable business practices. This means we take account of our social, economic and environmental impact. There are four components to our approach each led by an Executive Director.

Highlights from 2020-21

Environment (Estates and Environment)

- A comprehensive survey was carried out on our mechanical and electrical assets across the Hospital.
- Construction of an additional fourth operating theatre in the pre-existing endoscopy suite commenced with a summer 2021 opening.
- Upgrades to existing fire safety and security measures are underway with the necessary recommendations put in place.

People (Human Resources, Well-Being, Inclusion & Diversity)

- Diversity & Inclusion, and the Well-Being Committees with members at all levels participating from across the Hospital.

- Engagement of expert input to support development of a Diversity and Inclusion action plan.
- Employment of an employee engagement manager
- Continuing to monitor pay levels and publishing of Gender Pay Reports which demonstrate our commitment to ensuring a fair approach to pay.

Procurement (Finance and Purchasing)

- Healthcare supply chain management is a dynamic process that integrates manufacturing resources and vendors, and delivers goods and services to providers and patients. It is a complex, fragmented process that requires a constant flow of product, orders, information and the COVID-19 pandemic has affected most, if not all, parts of the chain.
- For the last 18 months the focus for procurement in the Hospital was, and remains, to ensure no disruption to service due to supply chain issues. The focus was to ensure we did not run out of essential PPE/medical consumables and equipment for the clinical frontline, and avoid paying inflated prices and working with the right suppliers.
- The focus has also been to ensure no disruption for the equipment schedule for KMC and Day Case Theatre Suite which has also been a challenge due to the COVID-19 pandemic problems highlighted earlier.

Community (Charity, Volunteering and Contributing)

- Staff volunteered for work at the Nightingale Hospital during the Pandemic.
- The Hospital proactively supported the NHS during the pandemic, providing care and services for NHS patients.
- The Veterans' Pain Management Programme continued in a virtual capacity with considerable success.

Future focus

- **Environment** – We are committed to reducing our direct impact on the environment by actively managing our waste, emissions and consumption of natural resources.
- **People** – We aim to create a workplace that encourages diversity and equal opportunities for all. We actively encourage professional development through our leadership development programme and support employee health and well-being.
- **Procurement** – We will include consideration for social responsibility within the procurement processes, ensuring those with whom we engage in business can provide evidence of environmental, ethical and inclusive working. We are committed to ethical investments within our financial framework.
- **Community** – We aim to play a positive role in society, and have been committed to our charitable purpose and fundraising for many years. We give healthcare grants to those veterans and families in greatest needs, provide a generous self-pay discount to those who work in the military and run at least

seven Pain management Programmes per year. This unique programme transforms lives of those veterans with chronic pain. We also commit to employee volunteering and actively supporting the local community in which we operate.

KEY MANAGEMENT PERSONNEL AND SETTING OF SALARIES

All Executive Committee member salaries are reviewed annually with effect from April, in line with the Hospital wide review. Salary increases are linked to appraisal and the achievement of key performance indicators and personal objectives.

FINANCIAL PERFORMANCE

The outcome for the year is set out fully in the Statement of Financial Activities (page 41)

Total income for the year was £31.3m (2019/20: £34.7m) of which £29.3m (2019/20: £28.9m) related to income generated from patient charges including the £6.7m received from the NHSE under the COVID-19 support contract. The impact of COVID-19 on the Hospital's performance in 2020/21 was substantial, with private activity falling away sharply during the lockdown in the first half of the year, and again in early 2021. The main NHS contract ran from April 2020 until 7 September 2020 and rewarded the Hospital for making its facilities available for NHS work on a block funding basis. This was then succeeded by two interim contracts with Barts and Imperial which ran until March 2021 with payment based on a tariff per patient treated.

The COVID-19 pandemic also had a negative effect on donations to the Hospital which fell from £4.5m in 2019/20, to £0.7m in 2020/21. Previous generous donations enabled the Hospital to continue to develop its estate in the form of the new outpatient facility, designated the Kantor Medical Centre, supported by major donations from the Kantor Charitable Trust and Michael Rapp. Work has also been progressed on the new day case theatre and patient pods in the main Hospital, supported by earlier donations received from the Thompson Family.

Expenditure for the year amounted to £33.5m (2019/20 £33.2m) and with a positive return from its investments the Hospital was able to report an overall net income of £0.5m (2019/20: £0.9m), and a positive bottom line movement in funds after actuarial adjustments to its pension provision of £0.2m (2019/20 £1.7m). In a year when many companies and organisations have been forced to close or take on large amounts of debt to sustain themselves, this positive result is seen as a creditable outcome.

The total managed investment portfolio reported in the balance sheet fell to £20.0m (2019/20: £20.8m) following realisations, and cash at bank and in hand fell to £6.8m (2019/20: £11.0m) reflecting spending on our capital developments.

A programme of work has been identified to improve internal controls overall and to deliver improved cost efficiency and better and more robust internal reporting of performance. This programme will be delivered during 2021/22. Current processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by the Board of Trustees and committees, and these will be developed further and improved as part of the programme.

Reserves Policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves target has been set at a minimum level of £5m, (and was in place throughout 2020/21) with a higher target level being set during the year at £10m. These reserves are in place to ensure that the organisation is in a position to:

- Identify new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;
- Manage a challenging transitional period over the next three to five years, during which time it will be expanding its operations onto the site of Macintosh House (The Kantor Medical Centre);
- Provide adequate resources to fund exceptional and maintenance expenditure required in relation to the existing main Hospital building, and fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.

The Hospital's free reserves, (i.e. the General Funds at 31 March 2021), were £10.2m (2020/21 £7.9m) which is above the level required by the reserves policy. The increase in unrestricted funds (i.e. free reserves) in 2020/21 is largely due to the £2.7m gain in investments values over the year.

Going Concern

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2021/22 and in addition to this the Hospital has put in place, and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threatened.

Investment Policy

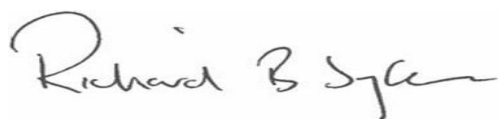
The Hospital's investment portfolio is operated within guidelines, which are regularly reviewed with the Investment Manager at the Finance & Investment Committee. Over the 12 months to 31 March 2021 the Long Term portfolio rose by 24.9% against its benchmark of 25.5%. The more cautiously invested Medium Term portfolio rose by 8.9% against its benchmark of 6.7%.

During the period the Hospital's investments benefitted from the strong recovery in equity markets following the onset of the COVID-19 crisis. The returns were helped by the allocation to the US stock market which significantly outperformed the rest of the world.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Board of Trustees is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The Board of Trustees approved the re-appointment of the Hospital's Auditor, Buzzacott LLP in July 2020.

We are most grateful for the support of our Patron, Her Majesty The Queen, our President The Duke of Kent, the 'Friends' of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes Trustee and Chair of the Board

20 October 2021

2 Independent auditor's report to the Board of Trustees of King Edward VII's Hospital

Opinion

We have audited the accounts of King Edward VII's Hospital (the 'Hospital') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the Hospital's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts 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 Hospital's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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 Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustees' annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Hospital'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 Hospital or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Hospital's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of key management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;

Auditor's responsibilities for the audit of the accounts (continued)

- ♦ tested and reviewed journal entries to identify unusual transactions;
- ♦ tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- ♦ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ♦ investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ♦ agreeing financial statement disclosures to underlying supporting documentation;
- ♦ reviewing the minutes of meetings of those charged with governance; and
- ♦ enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Hospital's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Hospital'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 Hospital and the Hospital's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Date: 23 November 2021

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

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

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Income from:							
Donations and legacies	1	282	457	739	1,327	3,162	4,489
Investment income and interest receivable	2	407	-	407	540	50	590
Charitable activities							-
. Patient charges	3	29,345	-	29,345	28,908	-	28,908
. Other income	3	556	-	556	724	-	724
CJRS income		249	-	249	-	-	-
Total income		30,839	457	31,296	31,498	3,212	34,711
Expenditure on:							
Raising funds	4	(253)	(31)	(284)	(479)	(10)	(489)
Charitable activities							
. Provision of patient services	5	(32,740)	(414)	(33,154)	(31,731)	(862)	(32,593)
. Grants	7	-	(78)	(78)	-	(126)	(126)
Total expenditure		(32,993)	(523)	(33,516)	(32,210)	(998)	(33,208)
Net (expenditure) income before gains and losses on investments		(2,154)	(66)	(2,220)	(711)	2,214	1,503
Net investment gains (losses) on listed investments	11	2,737	-	2,737	(487)	(165)	(652)
Net income (expenditure)		583	(66)	517	(1,198)	2,049	851
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	14	(294)	-	(294)	844	-	844
Transfers between funds	17	7,455	(7,455)	-	4,944	(4,944)	-
Net movement in funds		7,744	(7,521)	223	4,590	(2,895)	1,695
Reconciliation of funds:							
Balances at 1 April 2020		38,204	18,211	56,415	33,614	21,106	54,720
Balances at 31 March 2021		45,948	10,690	56,638	38,204	18,211	56,415

All the Hospital's activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	10		25,017		19,244
Investments	11		20,019		20,847
			<u>45,036</u>		<u>40,091</u>
Current assets					
Stock		1,428		1,222	
Debtors	12	9,691		7,109	
Cash at bank and in hand		<u>6,833</u>		<u>11,012</u>	
		<u>17,952</u>		<u>19,343</u>	
Creditors: amounts falling due within one year	13	<u>(5,551)</u>		<u>(2,322)</u>	
Net current assets			<u>12,401</u>		<u>17,021</u>
Total net assets excluding pension liability			<u>57,437</u>		<u>57,112</u>
Pension liability	14		<u>(799)</u>		<u>(697)</u>
Total net assets including pension liability			<u>56,638</u>		<u>56,415</u>
The funds of the charity:					
Unrestricted funds					
. Designated fund	15	11,597		12,848	
. Fixed assets fund	16	25,017		18,124	
. General funds (free reserves)		10,133		7,929	
. Pension reserve	14	<u>(799)</u>		<u>(697)</u>	
			<u>45,948</u>		<u>38,204</u>
Restricted funds	17				
. 120th Anniversary Appeal		10,674		11,475	
. Kantor Medical Centre		<u>(1,194)</u>		<u>4,391</u>	
. Other restricted funds		<u>1,210</u>		<u>2,345</u>	
			<u>10,690</u>		<u>18,211</u>
Total funds			<u>56,638</u>		<u>56,415</u>

Approved by the Board of Trustees on 20 October 2021 and signed on its behalf by:



Chairman of the Board

Chief Executive

	Notes	2021 £'000	2020 £'000
Net cash provided by operating activities	A	165	2,556
Net cash (used in) provided by investing activities	B	(4,813)	1,930
(Decrease) increase in cash and cash equivalents		(4,648)	4,486
Cash and cash equivalents at 1 April 2020	C	11,605	7,119
Cash and cash equivalents at 31 March 2021	C	6,957	11,605

Notes to the statement of cash flows for the year ended 31 March 2021

A Reconciliation of net income to net cash provided by operating activities

	2021 £'000	2020 £'000
Net income per statement of financial activities	517	851
Adjustments:		
Investment (gains) losses	(2,737)	652
Defined benefit pension scheme adjustment	192	(161)
Depreciation charge	2,159	1,916
Investment income receivable	(407)	(590)
(Increase) decrease in stocks	(206)	(217)
(Increase) decrease in debtors	(2,582)	330
Increase (decrease) in creditors	3,229	(225)
Net cash provided by operating activities	165	2,556

B Net cash (used in) provided by investing activities

	2021 £'000	2020 £'000
Payments to acquire tangible fixed assets	(7,932)	(3,629)
Receipts from disposals of investments	4,000	11,998
Payments to acquire investments	-	(7,029)
Movement in cash held as investments	(469)	-
Movement on revaluation of investments	(819)	-
Investment income received	407	590
	(4,813)	1,930

Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	6,833	11,012
Cash held by investment managers	124	593
Total	6,957	11,605

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2021.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- Estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- Estimating any provision needed against slow moving or obsolete stock;
- Estimating the value of income in respect to unbilled patients at the year-end date;
- Estimating accrued expenditure;
- Assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2021/22 and in addition to this the Hospital has put in place and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threatened.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Board of Trustees is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Scope of the financial statements

The financial statements include the net assets and transactions of a Linked Charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 17).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and interest receivable and income from patient services provided as part of the operation of an independent acute hospital.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Income recognition (continued)

In accordance with the Charities SORP FRS 102 volunteer time is not recognised. Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute hospital is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Expenditure recognition (continued)

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a prorate basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight line basis designed to write off the cost of structures over the remaining period of the lease.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

Stocks

Stocks comprising pharmaceutical supplies and hospital consumables are stated at the lower of cost and net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Pensions

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Legacies	90	-	90
Other donations			
. Individuals	149	32	181
. Grant giving organisations	43	425	468
Total funds	282	457	739

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Legacies	827	-	827
Other donations			
. Individuals	370	-	370
. Grant giving organisations	130	162	292
. Kantor Medical Centre	-	3,000	3,000
Total funds	1,327	3,162	4,489

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
<u>Income from listed investments:</u>			
. Sarasin Charity Authorised Investment Fund	398	-	398
Bank interest	9	-	9
Total funds	407	-	407

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
<u>Income from listed investments:</u>			
. Sarasin Charity Authorised Investment Fund	480	50	530
Bank interest	60	-	60
Total funds	540	50	590

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Patient charges	29,345	-	29,345
Other income	556	-	556
Total funds	29,901	-	29,901

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Patient charges	28,908	-	28,908
Other income	724	-	724
Total funds	29,632	-	29,632

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to Service patients in line with the Hospital's charitable objective. This benefit to Service patients amounted to £52,149 for 34 patients (2020: £35,881 for 71 patients).

Other income represents rental monies received for staff accommodation of £193,000 (2020: £352,000) and consultant room revenue of £363,000 (2020: £372,000).

4 Raising Funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Staff costs	192	-	192
Other direct costs	30	31	61
Investment management fee rebate	(37)	-	(37)
Total direct costs	185	31	216
Allocated indirect costs (note 5)	68	-	68
Total funds	253	31	284

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Staff costs	328	-	328
Hospitality costs	2	4	6
Other direct costs	134	6	140
Investment management fee rebate	(33)	-	(33)
Total direct costs	431	10	441
Allocated indirect costs (note 5)	48	-	48
Total funds	479	10	489

5 Provision of Patient Services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Surgical and pharmaceutical supplies	9,658	-	9,658
Provisions and domestic supplies	508	-	508
Staff costs	13,128	-	13,128
Agency staff	751	-	751
Repairs, renewals and maintenance	1,371	-	1,371
Accommodation and administration expenses	5,477	-	5,477
Pain Management Program	-	361	361
Depreciation and amortisation	2,106	53	2,159
	33,000	414	33,414
Costs allocated to raising funds (note 4)	(68)	-	(68)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(192)	-	(192)
Total funds	32,740	414	33,154

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Surgical and pharmaceutical supplies	10,771	-	10,771
Provisions and domestic supplies	596	-	596
Staff costs	12,932	-	12,932
Agency staff	690	-	690
Repairs, renewals and maintenance	1,315	-	1,315
Accommodation and administration expenses	4,243	5	4,248
Pain Management Program	-	334	334
Depreciation and amortisation	1,393	523	1,916
	31,941	862	32,803
Costs allocated to raising funds (note 4)	(48)	-	(48)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(162)	-	(162)
Total funds	31,731	862	32,593

Restricted fund depreciation represents depreciation on assets financed by specific donations.

Included within administration expenses are auditor's remuneration of £39,000 (2020: £26,700) in respect of the audit of the statutory financial statements, and fees payable to the auditor for other services and the audit of the pension scheme of £8,328 (2020: £11,650).

6 Staff Costs

	2021 £'000	2020 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	11,568	11,472
Social security costs	1,145	1,194
Pension costs – defined benefit scheme (note 15)	244	244
Pension costs – group personal pension plans (note 15)	204	183
Pension costs – defined contribution pension plan (note 15)	155	167
	13,316	13,260
These costs are allocated as follows:		
Provision of patient services (note 5)	13,128	12,932
Expenditure on raising funds (note 4)	192	328
	13,320	13,260

Salary costs include restructuring costs of £82,792 in respect of 8 people (2020: £67,000, 5 people). Salary costs include a holiday pay accrual of £66,000 which represents annual leave carried forward that exceeds the usual five days permitted in the HR policy as a result of the Covid-19 pandemic.

	2021 No. of staff	2020 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	151	202
Service support	108	63
Administration	59	49
	318	314

	2021 No. of staff	2020 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	7	6
£70,001 - £80,000	7	5
£80,001 - £90,000	2	6
£90,000 - £100,000	2	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£150,001 - £160,000	1	1
	20	20

Mr Simon Weil, a member of the Board of Trustees, is no longer a partner in Bircham Dyson Bell LLP, the charity's solicitors. In the prior year, fees payable to Bircham Dyson Bell LLP, excluding VAT and disbursements, totalled £25,508. No member of the Board of Trustees received remuneration for their services during either year or expenses reimbursed.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Board of Trustees and the Executive Committee detailed on page 7 and 8 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £972,358 (2020: £945,870)

7 Grants payable

	2021	2020
	£'000	£'000
Outstanding liabilities at the beginning of year	-	-
Awarded during the year	101	126
Paid during the year	(78)	(126)
Outstanding liabilities at 31 March	23	-

Grants paid during the year of £76,799 represent amounts paid to Service inpatients and Service outpatients during the period to assist with Hospital fees and derive from the Sister Agnes Benevolent Fund with the remaining grants of £675 being administered from the Freemasons Fund. Both are restricted funds of the charity (Note 17).

Liabilities for grants awarded represent the unpaid balance on grants awarded by the charity as at the balance sheet date. They relate to current activities funded by the charity to which it is firmly committed.

Adjustments relate to grants retractions whereby all funds allocated have not been used and are no longer required and therefore returned to funds for reallocation.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2020: £5 million) and the total premium paid in respect of such insurance was £5,684 (2020: £5,075).

9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

10 Tangible Fixed Assets

	Assets under construction £'000	Long leasehold buildings £'000	Equipment £'000	2021 Total £'000
Cost				
As at 1 April 2020	5,544	19,572	16,636	41,752
Additions during the year				
Imaging and scanning	-	-	7	7
Estates	221	-	372	593
Theatre	259	-	387	646
IT	-	-	256	256
Housekeeping/Catering	-	-	27	27
Kantor Medical Centre	5,585	-	-	5,585
Consulting Rooms	-	-	4	4
Other	760	-	54	814
Total additions	6,825	-	1,107	7,932
Transfers	(2,964)		2,964	-
As at 31 March 2021	9,405	19,572	20,707	49,684
Accumulated Depreciation				
As at 1 April 2020	-	11,687	10,821	22,508
Charge for the year	-	246	1,913	2,159
As at 31 March 2021	-	11,933	12,734	24,667
Net book values				
As at 31 March 2021	9,405	7,639	7,973	25,017
As at 31 March 2020	5,544	7,885	5,815	19,244

On 1 April 2020, assets under construction amounting to £2,187,000, relating to the Front of House and Urology projects, were brought into use. On 1 May 2020, assets under construction amounting to £777,000, relating to the Lifts project, were brought into use.

At 31 March 2021, the Hospital had capital commitments of £2.6m (2020: £3.5m) relating to the Kantor Medical Centre, Theatres, and Estates.

11 Investments

	Total 2021 £'000	Total 2020 £'000
Balance as at 1 April 2020	20,847	25,875
Income earned (Note 2)	398	530
Realised gains in year	1,588	25
Unrealised gains (losses) in year	1,149	(677)
Investment management fee rebate (Note 4)	37	33
Transfers		
Cash (withdrawal)	(4,000)	(4,939)
Balance as at 31 March 2021	20,019	20,847

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2021 comprised the following:

	2021 £'000	2020 £'000
Charity Authorised Investment Funds	18,693	15,737
Diversified money market fund	1,202	4,517
	19,895	20,254
Cash held for reinvestment	124	593
Total funds	20,019	20,847

The charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2021, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Market value £'000	Percentage of total portfolio %
Sarasin Endowments Fund Class A Inc (Long term portfolio)	11,628	58.4%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	7,065	35.5%
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	1,202	6.0%

12 Debtors

	2021	2020
	£'000	£'000
Patient charges receivable	6,960	5,429
Accrued income	1,470	1,182
Prepayments	1,235	444
Other debtors	26	54
	9,691	7,109

13 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Expense creditors	1,980	937
Accruals	1,740	630
Deferred Income	1,491	410
Other creditors	340	345
	5,551	2,322

14 Pension commitments

Throughout both 2020 and 2021, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year	155	204	244
	%	%	%
Employer minimum contribution	3.0	6.0	31.6
Employee minimum contribution	5.0	4.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee member of scheme as at 31 March 2021	172	67	5

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable during the prior period were £182,507.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £166,924.

Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for 3 years 8 months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

14 Pension commitments (continued)**Defined benefit pension scheme (continued)**

The normal contributions for the year to 31 March 2021 were £218,000 (2020: £218,000). The contributions made by the employer in the period to 31 March 2021 were at the rate of 31.6% (2020: 30.8%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme at 1 October 2019, updated to 31 March 2021 by Mr T McDougall, Fellow of the Institute and Faculty of Actuaries.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2021	2020
	£'000	£'000
Fair value of scheme assets	19,579	17,092
Present value of scheme liabilities	(20,378)	(17,789)
Deficit in the scheme	(799)	(697)
Net pension liability	(799)	(697)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2021 £'000	Proportion at 31 March 2021 %	Assets at 31 March 2020 £'000	Proportion at 31 March 2020 %
Equities (including property)	3,806	19%	3,537	20%
Bonds	1,800	9%	1,714	10%
Insured pensions	13,308	68%	11,056	65%
Cash	665	4%	785	5%
Total	19,579	100%	17,092	100%

The major assumptions used by the Actuary (in normal terms) were:

	2021	2020
	%	%
Consumer Price Inflation (CPI)	2.40%	1.70%
Salary escalations	3.40%	2.70%
Pension increases:		
RPI subject to a maximum of 4%	2.90%	2.40%
RPI subject to a maximum of 5%	3.10%	2.60%
RPI subject to a maximum of 7%	3.30%	2.70%
Discount rate (pre and post retirement)	2.00%	2.40%

14 Pension commitments (continued)**Defined benefit pension scheme (continued)**

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2021 £'000	At 31 March 2020 £'000
For a male aged 65 now	22.0	21.4
At 65 for a male member aged 45 now	23.7	22.8
For a female aged 65 now	23.9	23.4
At 65 for a female member aged 45 now	25.8	25.0

FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date.

	2021 £'000	2020 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	38	45
Operating charge	38	45
Analysis of net return on pension scheme		
Interest income on pension scheme assets	404	431
Interest cost on scheme liabilities	(418)	(468)
Net finance charge	(14)	(37)
Other recognised gains and losses		
Asset return less interest income	2,615	(1,746)
Experience (losses)/gains on benefit obligations	(73)	118
Effect of assumptions changes on benefit obligation	(2,836)	2,472
Actuarial (losses)/gains	(294)	844

14 Pension commitments (continued)**Defined benefit pension scheme (continued)**

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2021 £'000	2020 £'000
Deficit in scheme at 1 April 2020	(697)	(1,703)
Movement in period:		
Current service cost	(38)	(45)
Contributions	244	244
Net finance charge	(14)	(37)
Actuarial (losses)/gains	(294)	844
Deficit in scheme at 31 March 2021	(799)	(697)

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2021 £'000	2020 £'000
Scheme liabilities at 1 April 2020	17,789	20,806
Interest cost	418	468
Current service cost	38	45
Contributions by plan participants	10	10
Actuarial loss/(gain)	2909	(2,590)
Benefits paid	(786)	(950)
Scheme liabilities at 31 March 2021	20,378	17,789

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2021 £'000	2020 £'000
Fair value of scheme assets at 1 April 2020	17,092	19,103
Interest Income	404	431
Asset gains/(losses)	2,615	(1,746)
Contributions by employer	244	244
Contributions by plan participants	10	10
Benefits paid	(786)	(950)
Fair value of plan assets at 31 March 2021	19,579	17,092

15 Designated fund

The income funds of the charity include a designated fund which has been set aside out of unrestricted funds by the Trustees for the Hospital development project. As at 31 March 2021 this was £11,571,000 (2020: £12,848,000).

16 Fixed assets fund

	As at 1 April 2020 £'000	Movement in year £'000	As at 31 March 2021 £'000
Fixed asset fund	18,124	6,893	25,017

	As at 1 April 2019 £'000	Movement in year £'000	As at 31 March 2020 £'000
Fixed asset fund	15,889	2,235	18,124

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

	As at 1 April 2020 £'000	Income £'000	Expenditure £'000	Capital expenditure and transfers £'000	As at 31 March 2021 £'000
120th Anniversary Appeal Fund	11,475	267	-	(1,068)	10,674
Kantor Medical Centre Fund	4,391	-	-	(5,585)	(1,194)
Equipment Fund	53	-	(53)	-	-
Centenary Appeal Fund	1,064	-	-	(1,064)	-
Freemasons Fund	9	-	(1)	-	8
Sister Agnes Benevolent Fund	546	190	(469)	262	529
Alexander Michael Levy Fund	673	-	-	-	673
	18,211	457	(523)	(7,455)	10,690

17 Restricted funds (continued)

	As at 1 April 2019 £'000	Income £'000	Expenditure £'000	Investment gains and losses £'000	Capital expenditure and transfers £'000	As at 31 March 2020 £'000
120th Anniversary Appeal Fund	12,221	-	-	-	(746)	11,475
Kantor Medical Centre Fund	1,960	3,045	-	15	(629)	4,391
Equipment Fund	515	-	(477)	15	-	53
Centenary Appeal Fund	1,125	-	(61)	-	-	1,064
Freemasons Fund	9	-	-	-	-	9
Sister Agnes Benevolent Fund	985	126	(464)	(101)	-	546
Alexander Michael Levy Fund	4,291	41	4	(94)	(3,569)	673
	21,106	3,212	(998)	(165)	(4,944)	18,211

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three year development of the Hospital, comprising the main Hospital, The Kantor Medical Centre and diagnostic facilities.

The Kantor Medical Centre Fund represents donations received to finance the development of a new Outpatients facility. The fund is in deficit at year end as the final donation is to be received on completion of the development and opening of the facility by which time the Fund will return to a positive balance.

The Equipment Fund represents donations received to finance the purchase of specific fixed assets, less write offs and depreciation of the assets financed by the donations.

The Centenary Appeal Fund represents net monies raised towards the redevelopment of part of the Hospital's long leasehold property to provide accommodation for nurses and consulting rooms for surgeons and physicians. Trustees approved the transfer of the balance on this fund to the Fixed Assets Fund (Note 16,18) given that the original donations have been spent in line with the specific purpose for which they were donated.

The Freemasons Fund represents net monies available to provide future grants to Service patients to assist with payment of fees for physiotherapy services.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to Service patients to assist with payment of Hospital fees.

The Alexander Michael Levy Fund is a Linked Charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019/20, the unrestricted funds of the Linked Charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the Linked Charity continues to be held as a restricted fund of the Hospital at 31 March 2021. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2020 and at 31 March 2021, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in the year.

Trustees approved the cessation of any investment income, gains and losses being allocated to restricted funds and donors are not making any requirements for it to be restricted.

18 Analysis of net assets between funds

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	25,017	-	25,017
Investments	-	9,329	-	-	10,690	20,019
Net current assets	10,133	2,268	-	-	-	12,401
Pension liability	-	-	(799)	-	-	(799)
	10,133	11,597	(799)	25,017	10,690	56,638

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	18,124	1,120	19,244
Investments	-	3,756	-	-	17,091	20,847
Net current assets	7,929	9,092	-	-	-	17,021
Pension liability	-	-	(697)	-	-	(697)
	7,929	12,848	(697)	18,124	18,211	56,415

19 Lease commitments

The Hospital's properties are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2021 under the terms of the various leases for the five year period up to the next rent review is £6,038,000 (2020 - £8,741,000 for the six year period).

At 31 March 2021 the Hospital was committed to pay total future rental payments of £668,000, of which £501,000 is due within one year (2020 - £501,000) in respect of medical equipment held under operating leases.

20 EBITDA reconciliation

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Net (expenditure) income before investment gains (losses) per statement of financial activities		(2,220)		1,503
Income adjustments				
Donations and legacies	739		4,489	
Investment income and interest receivable	<u>407</u>		<u>590</u>	
		(1,146)		(5,079)
Expenditure adjustments				
Depreciation	2,159		1,916	
Expenditure on raising funds	284		489	
Grants payable	78		126	
Grants - pain management programme	<u>361</u>		<u>334</u>	
		2,882		2,865
EBITDA		<u>(484)</u>		<u>(711)</u>



KING EDWARD VII's
HOSPITAL