



# Report and financial statements

For the year ending 30 September 2022

The Nuffield Trust for Research and Policy Studies in Health Services (formerly The Nuffield Health and Social Services Fund) is a company limited by guarantee, registered in England and Wales as company number 00382452. It is registered with the Charity Commission as charity number 209169.

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Patron

Her Royal Highness The Princess Royal

Registered office

59 New Cavendish Street, London, W1G 7LP.

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# Board of trustees

Martin Marshall (**Chair**)  
(appointed 29 September 2022)

Irshaad Ahmad

Samira Ben Omar  
(appointed 23 June 2022)

Professor David Oliver

Andrew McKeon CBE (**former Chair**)  
(resigned 30 September 2022)

Dr Rosie Benneyworth

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

Tara Donnelly

Sonja Marjanovic

Sarah Pickup

Thea Stein

Martin Marshall is the Chair of the Governance and Remuneration Committee, the other members are Rupert Hill, Tara Donnelly and Professor David Oliver. Other members during the period were Andrew McKeon CBE who was the Chair (until 30 September 2022).

Rupert Hill is the Chair of the Finance Committee. Other members are Irshaad Ahmad, Dr Rosie Benneyworth and Sarah Pickup. Other members during the period were Andrew McKeon CBE (until 30 September 2022).

Non-Trustee Member of the Finance Committee: Kim Lim, resigned February 2022.

**Company secretary**  
Ruth Hallesy

**Senior staff**

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

**Auditors**

BDO LLP, 2 City Place, Beehive Ring Road,  
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**Bankers**

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**Investment managers**

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**Legal advisers**

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Charity number 209169

**Senior associates and visiting fellows**

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

# Trustees' annual report

The Trustees present their report and the financial statements of the charity for the year ending 30 September 2022. The Trustees have prepared the financial statements in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – Charities SORP (FRS102)* 2nd Edition and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The charitable objectives of The Nuffield Trust for Research and Policy Studies in Health Services (the Trust) are to promote, carry out or advance any charitable objects, and in particular the prevention or relief of sickness and the advancement of the health of the people of the United Kingdom, in particular through the promotion of improvements in the quality of health care and health policy.

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

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

We set out to do this by:

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

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

We strive to be:

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

# Chair and Chief Executive forewords

## Foreword from Andy McKeon CBE, outgoing Chair

This is my last act as outgoing chair of the Nuffield Trust. I am pleased and proud to have been part of the Nuffield Trust for over a decade and to have been chair for the last six years.

The Nuffield Trust has had another strong year, publishing important and impactful reports and analysis on health and social care in England and more widely across the United Kingdom. Its corporate services have risen well to the post-Covid-19 challenges. And, although the endowment has been buffeted by the general global market turmoil, it remains in a strong financial position.

The organisation has been very ably led by Nigel Edwards and the wider leadership team, but it has also been blessed with strong staff throughout the organisation. It is they who enable the Nuffield Trust to have the impact it does which is reflected in this, and previous, annual reports.

The Nuffield Trust was founded by Lord Nuffield in 1940, an astounding act of confidence. Its purpose was evidence based and it was designed to make a difference. These last two values have and will continue to underpin the Nuffield Trust's work. It will need to draw on its well of confidence and knowledge as the pressures on health and social care grow ever greater and even more intense.

Finally, I must thank my fellow trustees who have provided high quality support and guidance to me. They hold Nigel and the wider leadership team effectively to account but also encourage and help them and staff generally to maximise the quality of the Nuffield Trust's work and its impact to improve health and social care across the United Kingdom.



## **Foreword from Prof Martin Marshall, incoming Chair**

It is such a privilege to be taking over from Andy McKeon as Chair of the Nuffield Trust at a time when its high-quality analysis, independence and objectivity has never been more needed. The impact of the Nuffield Trust's work over the last year, as detailed in this report, is testament to the role it plays in conducting rigorous research and analysis and providing informative commentary on health and social care.

I want to highly commend the Nuffield Trust's staff on their achievements this year and I look forward to supporting the organisation in its mission to improve policy, practice and public understanding in this area.

## **Foreword from Nigel Edwards, Chief Executive**

This is the third year of the Nuffield Trust's 2020–2025 strategy. Following the dominance of Covid-19 and associated challenges for the past two years, this year has seen the future of health and care services firmly back on the policy agenda. Set against a challenging economic backdrop and at times a fraught political climate, we have been well positioned to provide insightful commentary and analysis on the relentless NHS and social care pressures that have been present all year.

Standing independent both of the health and care system and of politics, we are funded predominantly by our own endowment and can act nimbly in response to the health policy environment. Policy discussions have increasingly focused on major issues or events that long pre-date the Covid-19 pandemic, with much of our analysis and commentary achieving significant impact. We have continued to play a role in explaining, informing and educating on the various elements of health and social care. We responded to the Johnson administration's commitment to a new health and care levy by focusing on the lack of urgency and scale of funding to be raised to support social care

reform which achieved extensive national coverage and a letter placed in the Times. Our work on the Health and Care Bill has positioned us well to influence and inform debate on issues such as integration, the role of the Secretary of State in reconfigurations, the social care cap and the need for adequate workforce data.

Partnerships with different organisations have enabled our work to reach a significantly wider audience. Our analysis of the NatCen British Social Attitudes Survey in partnership with The King's Fund, which showed a striking drop in satisfaction with the NHS, received widespread print and online media coverage. Two collaborations with the BBC on regional variation in GP numbers and waiting times in Wales enabled us to speak to some of the biggest questions facing the NHS at present. We have also been well placed to inform the Health Select Committee's work on the NHS workforce, providing bespoke analysis on vacancy numbers which featured at the centre of a well-publicised report, as well as membership of the Committee's Expert Group to assess progress against the government's stated targets on cancer, maternity and mental health.

This report details the activity we have generated and the impact we have secured for this past year, as well as the financial

and organisational work underpinning our charity. I am very proud of the impact we have achieved over the past year – that is down to the exceptionally high-quality work our staff have delivered and I look forward to working with staff over the coming year.

Finally, this marks the last year with Andy McKeon as our chair. I would like to thank Andy for his enormous contribution as our chair, challenging us to continue to provide high-quality research and insights at an immensely important time for health and social care. We wish him all the best for the future.

# The Nuffield Trust's year in numbers



# 1. Our strategic objectives

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

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

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

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

These objectives have framed both the work we have undertaken (our activity) and the impact we have generated.

## 2. Our activity in 2021–2022

This financial year marked a shift in government, policy and parliamentary activity away from pandemic reactive policies towards the emergence of a busy post-Covid-19 policy agenda on critical issues pre-dating the pandemic, although the long-term impact of Covid-19 remained the ever-present backdrop. Key Nuffield Trust outputs from the beginning of the year focused on overseas recruitment and the factors that attract or deter nurses from choosing to work in the UK; RSET analysis of remote monitoring for Covid-19 patients; health care access challenges for prisoners; and the impact of the pandemic on children and young people's access to health care services.

The iterative process of researching themes for our annual Summit began in earnest at the start of the financial year, which we had planned to run as a virtual series once again given the uncertainty around a winter event during Covid-19. Early on we finalised themes around recovery, integration and reform of the health and care system, tying into the overall external narrative, with

policy makers, service leaders and politicians beginning to wrestle with the long-term consequences of Covid-19, and policy attention turned to the subject of health and care reform.

This fertile policy environment continued into the middle of the year, leading to significant appetite for cogent and relevant analysis of health and social care policy. Key analysis during this period centred around the British Social Attitudes survey and the views of the public on a range of health and care related issues; four country analysis on integration; international comparisons of Covid-19 recovery; and analysis of hospice services.

A period of major political turbulence towards the end of this financial year moved the government away from policymaking into a form of stasis, yet the appetite from policy and media stakeholders for understanding and interpreting the unfolding challenges in health and social care remained high. Over the last few months, we have provided analysis on regional variation in GP numbers;

performance analysis of waiting times in Wales; bespoke analysis for the Health Select Committee on the NHS workforce; and were commissioned by the Northern Ireland Fiscal Council to conduct an evaluation of Northern Ireland's health service.

The work programme through which we are delivering our corporate objectives has four priority areas: quality and equity; service delivery; innovation; and politics, funding and reform. The section below outlines some of the key activities in each of these four work programmes – it is not a comprehensive list of every output or activity.

## **a. Quality and equity**

Our QualityWatch programme, funded by The Health Foundation, is a key component of our work in this area. The programme has published regular updates on trends in the quality of care in different areas, including **public health, long-term conditions and vulnerable groups, mental health and safety.**

We secured a new QualityWatch contract with the Health Foundation earlier in the year – the programme builds on the already successful model providing both in-depth and snapshot content to monitor the quality of health and social care. Earlier this year

we published our **QualityWatch Annual Statement** which focused on the significant and concerning impact of Covid-19 on the delivery of routine services for children and young people and was very well received. The BBC exclusively covered the work, which consisted of a briefing and animated scrolling data story. This coverage helped to illustrate the stories behind the numbers. The report was mentioned by Baroness Merron in the House of Lords in a spoken question.

Our expanding portfolio of projects on end-of-life care, to improve the evidence base for policy makers and local systems, has led to partnerships with new organisations. We published a **new analysis of hospice services**, based on a survey carried out by Hospice UK, to better understand how these services are being delivered, the issues they are grappling with, and how the pandemic has changed those services. This project and new partnership with Hospice UK represented a good opportunity to improve the organisation's growing knowledge of and reputation in the end-of-life care sector.

We are also continuing to build on previous prisoner health research work, funded by the Health Foundation. We have published **new analysis this year focusing on women prisoners' use of secondary care and access challenges for prisoners**, to identify

policy and practice recommendations. Our next phase of the work explores older and younger prisoners' use of secondary care.

We are shortly due to publish two projects which build on our inequalities work: one project, funded by the NHS Race and Health Observatory, considers whether there are ethnic differences in access to treatment and in waiting times; the other project, commissioned by the Greater London Authority, reviews the health inequalities test to ensure that NHS and partner organisations undertaking the test can readily see how it applies to them and the services and changes they are planning, and how they have the agency to effect relevant change. Both of these projects will report at the end of 2022.

One of the Nuffield Trust's objectives is to focus on policy areas that are relatively neglected, yet of clear significance to the health and care sector. To that end, we have started a new project looking at the policy challenges and future directions for NHS dentistry, which will provide much-needed analysis of this neglected and deteriorating area of health care. This work has already generated impact, through involvement in a BBC documentary on access to NHS dentistry in August, resulting in significant media coverage.

## **b. Service delivery**

We have built on earlier work to cement our reputation for expert analysis and commentary on the role that smaller hospitals and services play in health care delivery, highlighting the unique challenges these services face and offering solutions to some of these challenges. One ongoing project is exploring which factors were important in driving reconfiguration of acute medical and emergency services in smaller hospitals during the Covid-19 pandemic and whether there are wider lessons for service change. This is due to report at the end of 2022.

Concern within the health service over the future of the workforce is at its highest for years. We published a report which explored the **business case for overseas recruitment** and looked at the factors that attract or deter nurses from choosing to work in the UK. The work contributed to a commitment of additional funding to support NHS trusts in their recruitment from overseas. We were commissioned by NHS Employers to **examine the representation of under-served groups** in the NHS workforce and provide a set of recommendations for change as the NHS strives to become an exemplar of equality, diversity and inclusion.

Regional variation in NHS staffing levels can lead to inequalities in health outcomes, care quality and people's ability to access services. We published a report that **explores supplementary payments** (recruitment and retention premia), which have been used by NHS organisations across England over the last few decades and present an opportunity to ensure a fairer distribution of staff. The work has received very positive feedback from key stakeholders, and we have been approached for some initial discussions on evaluating the impact of a GP retention scheme, as well as evaluating clinical impact awards for consultants.

A continued focus of our workforce programme this year has been to present and analyse evidence on different elements of the health and social care workforce in order to inform policy and practice. We have done this through regular updates to our **NHS staffing tracker** and our **Chart of the Week** series which has covered **staffing targets**, **nurse recruitment**, nurse retention and leaving rates, and **NHS staff sickness absences**, each of which has been very well received and covered widely in media.

We started a new project to understand the service and patient impact of the shift in place of death during the Covid-19 pandemic. We are using for the first time

the OpenSAFELY platform – an open-source software platform for analysis of electronic health records data – to understand what services were provided to patients who died over the course of the pandemic, compared with pre-pandemic, and how service use varied between sub-groups of patients. We have set up a patient and public representative panel to ensure the validity of our findings and the conclusions being drawn. This work is due to report in early 2023.

## c. Innovation

Some of our digital work has sought to understand what progress the four countries of the UK have made in **achieving digital transformation** in health and social care. The insights of this have fed into the Select Committee inquiry submission on digital transformation and ongoing engagement with the Digital Health and Care Plan; **the impact of digital primary care on equalities**, which attracted the attention of senior figures in NHS England; and what **the NHS can learn about digital health care from other European countries** which was conducted in partnership with World Health Organization's (WHO) European Observatory on Health Systems and Policies and supported by Optum. This has led to further commissioned work in this area by WHO Europe.



We published a report as part of the work with the Universities of Oxford and Plymouth on an Economic and Social Research Council-funded project 'Remote-by-Default Care in the COVID-19 Pandemic'. It explored the opportunities, challenges and risks associated with the technological shift towards remote consulting, and the practical and policy implications of recent learning. This was a very timely piece of analysis as the debate over appropriate levels of face-to-face and remote appointments continues across media and the government. The programme has now entered phase two, which will inform a more fit-for-purpose remote-by-default model in general practice, considering a number of different themes. We are running a series of workshops focused on these themes which have been very well attended by policy and NHS stakeholders alike.

With increased demand, staff burnout and patient dissatisfaction threatening the stability of general practice, we published a set of linked blogs which examined what might be done to improve matters, focusing on the problems, what reform might look like and what's needed to implement change.

Our longer-term research work continues to shed light on some fascinating areas. Earlier this year, as part of our evaluation of **Care**

**City**, a 'test bed' in East London focused on using new technologies to support people with long-term conditions, we published a report on patient engagement with digital health care, with recommendations for ensuring digital health innovations are applied in the best way for the people using them.

Our NIHR funded **Rapid Service Evaluation Team** has carried out multiple evaluations this year including an evaluation of **remote monitoring models** during the Covid-19 pandemic in the UK; and an analysis evaluating the costs, benefits and implications to staff and patients of **patient-initiated follow-ups** for outpatient services which was well received by NHSE/I. Ongoing work within the RSET programme includes an evaluation of **adult social care in prisons**; an evaluation of **youth violence intervention programme**; and an extension to the patient initiated follow-up project which will explore the impact of PIFU on service use.

We held our second virtual **Rapid Evaluation Conference** over two days in January, organised in partnership with the Health Foundation, BRACE and RSET. The conference looked beyond the Covid-19 pandemic, thinking about the role of evaluation in the NHS recovery towards building a sustainable health care service.

We had over 500 registrations and an average of 100 people watched the sessions live. The feedback from delegates has been very positive.

## d. Politics, funding and reform

We partnered once again with The King's Fund to ascertain the views of the public on a range of health and care related issues, as part of the British Social Attitudes survey run by NatCen. Our analysis received widespread media coverage, detailing a striking drop in satisfaction with the NHS and particularly concerning findings on GP services. This work plays a vital role in putting the patient and service user perspective at the centre of our work and adds further gravitas to the public voice.

We have continued to engage with parliamentarians as the Health and Social Care Bill progresses through the legislative process. We have provided close scrutiny of it through briefings for MPs and Peers which were cited by Shadow Minister Baroness Wheeler in the House of Lords. The Lords and Commons Ministers thanked us for engagement in speeches in Parliament. Our top priority, reducing the breadth of Secretary of State powers over reconfiguration, saw

a positive amendment limiting the scope of control.

We published a report comparing policy and progress of integrating health and social care across the four countries of the UK at the end of last year. The report achieved very good engagement with key stakeholders and led to a follow-up meeting with the DHSC team to inform their thinking on the integration white paper.

In September, the Northern Ireland Fiscal Council, an independent body created in March 2021 to bring greater transparency and scrutiny to NI's public finances, published its first annual assessment of the sustainability of NI's public finances. As part of this major review, the Nuffield Trust was commissioned to carry out a **review of sustainability in the health system**, the Executive's biggest budget item. We looked at health and care funding, productivity, service performance and spending projections in Northern Ireland relative to other countries of the UK, with a focus on comparisons with the English NHS. The report was widely reported across Irish media outlets, as well as the BBC.

In March, we held our second **virtual Summit series** over a one-week period. The Summit drew a very broad audience, with an average of 150-200 watching the live

sessions. Amanda Pritchard spoke in the opening session of the Summit in what was one of her first big outings as CEO of NHSE/I. The sessions were wide-ranging and timely, covering issues around recovery, integration and reform of the health and social care system, and through an international lens.

On that theme, we launched a new report at the Summit on the **Covid-19 recovery**, drawing on international experience to assess how the NHS has fared compared to other countries, which was commissioned by NHS England and Improvement. The report examined national Covid-19 recovery plans and strategies for how other health systems are working to enhance resiliency and recover services as we move beyond the pandemic. It was covered by the Financial Times and there has been very positive reaction from stakeholders. We were also invited to present the analysis at the NHS ConfedExpo event in the summer.

Building on our reputation for incisive commentary and analysis on Brexit, as part of our project on the impact of Brexit funded by the Health Foundation, we published a number of different resources looking at the impact of Brexit: a **roundtable** with leaders and health experts in Northern Ireland about how they are seeing the UK's departure from the EU, and the related political debates

over the Ireland/Northern Ireland Protocol, play out for health; a **video** examining what impact Brexit has had on the health and care system in the UK, five years after the UK delivered its letter to begin the official Brexit process; and a **blog** discussing what the benefits of Brexit may realistically be. We also published a **report** which considers the impact of leaving the EU and changing international relations for health.

The past year has provided many opportunities for intervention on social care reform. We contributed to the ongoing social care policy debate with a series of different resources: we published two explainers in June on the **fair cost of care policy** and **Scotland's new National Care Service**; and published a **blog** on the so-called 'down payment'. Members of the social care team met with a large number of policy-makers and opinion-formers, including a regular meeting with the DHSC Social Care team.

## 3. Our impact

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

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

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

Looking at our three strategic objectives in turn, we can highlight some real examples of impact – and public benefit – in 2021/22 in each of these categories. This section does not attempt to provide a comprehensive list of all the areas in which we have achieved impact. Rather, it attempts to capture the highlights of another seismic year in health and social care.

### 3.1 Impact on policy and practice

A wide range of our work falls under this objective, which covers much of our ‘sense-making’ and explainer work, as well as in-depth analysis. Impact highlights from 2021/22 include the following:

- Following our previous work which looked at the quality and consistency of ethnicity coding within health datasets,

the Race Disparity Unit (part of the Cabinet Office) drew very strongly on our recommendations for their final report on addressing Covid-19 inequalities. The CQC have also undertaken an analysis of mental health provider coding, following our analysis.

- Our QualityWatch Annual Statement, detailing the significant and concerning impact of Covid-19 on the delivery of routine services for children and young people, achieved sustained and national coverage. The BBC covered the research exclusively, highlighting the toll this has taken on children's access to both physical and mental health services.
- Our explainer content on Covid-19 has proved to be a very popular and authoritative resource – namely explainers on Covid-19 in the four countries and Covid-19 mortality published earlier in the year and which still account for a high proportion of web traffic.
- Our report with Hospice UK on activity in the hospice sector highlighted the importance of improving data collection from the sector and understanding the population served by hospices. We engaged with national bodies on action needed to improve the infrastructure for collecting hospice data, and galvanised hospices to address gaps in data.

## 3.2 Impact on service redesign

Much of our work aimed at informing health care managers, clinical leaders and policy-makers falls under this objective. This includes our evaluations, our consultancy work for individual NHS organisations and also our convening and events work. Impact highlights from 2021/22 include the following:

- The Royal College of Obstetricians and Gynaecologists have followed up on our work from 2019 where we recommended the need for greater support for rural and remote maternity services, and they have begun to put these recommendations into practice.
- Projects focusing on different staff groups within the NHS workforce have led to clear impact: our work on the mental health clinical support workforce was referenced throughout Health Education England's recently published toolkit for the mental health support workforce. Our work on psychology career paths led to an invitation from the British Association for Counselling and Psychotherapy to advise on their workforce research strategy.
- We have been invited to present at a number of high-profile external events,

including HSRUK, HIMSS-22 and ConfedExpo. In addition, we were invited to present to NHSX as just one of two case studies showing good learning and practice in the use of digital skills to support social care staff.

- Our work providing evidence for policy makers to understand the impacts of changes in access to primary care on a range of important outcomes has achieved much impact so far. This includes advising the NHSE Strategy lead on how to improve patient experience; and a presentation to the NHSE health inequalities network.
- We were asked by NHS England's Children and Young People (CYP) transformation team to advise them on how to best learn from the newly appointed ICS CYP integration test sites (12 sites across seven regions).
- The South East London Integrated Care Partnership commissioned us to help develop their integrated care strategy and a five-year plan. We have been advising on areas to explore, providing insight on issues such as population health and health inequalities, and refining the emerging strategy.

### 3.3 Impact of our evidence to policy makers

The policy and public affairs work that we do is in pursuit of this objective, offering rigorous analysis to inform politicians from all four UK countries, policy-makers in central and local government as well as within NHS arm's-length bodies. Impact highlights from 2021/22 include the following:

- We have been invited to give oral evidence at seven committee sessions. We were cited in the Migration Advisory Committee's statutory report into migration and adult social care, and it also references our four countries integration report. Our research was cited in the House of Commons 25 times – for example on the role of the private sector, for our examination of the Welsh health service, and on both workforce and access within general practice. We were also cited in the Levelling Up, Housing and Communities Committee's report on the long-term funding of social care, which particularly quoted our input on the provider market.
- There has been significant impact from our work on social care. Our experts in social care have been invited to sit on several DHSC advisory groups for the

social care reform white paper. We have been invited to give oral evidence to the Levelling Up, Housing and Communities Committee on social care and our previous work on social care in Japan was cited in the Integration White Paper.

- Our work on health care access challenges for prisoners, and how these have changed over time, has achieved great impact. It has received several mentions in parliament, including a written question tabled for Gillian Keegan by Lyn Brown MP in the House of Commons. Our work on prisoner health care has also been heavily referenced by the Core20PLUS5 Health and Justice team to evidence the need to address health care inequalities experienced by people in prison.
- We provided bespoke analysis for the Health Select Committee to inform their work on the NHS workforce. Our figures on vacancy numbers provided the key statistic for the launch of their work, with our analysis featuring prominently in the Executive Summary of the report and its media release. Our oral evidence was also mentioned several times in the report.
- We published an exclusive performance analysis of waiting times for BBC Wales. The work followed a request from BBC

Wales for us to review how waiting times in Wales compare with other UK countries and also with historic trends. The BBC also covered the Welsh health minister's reaction to our analysis.

## 4. Organisational development

### Hybrid working policy

We implemented a new hybrid working policy from the 1st April, encouraging people back into the office for some of their time, whilst supporting them to work effectively and productively at home when they choose to do so. This approach is working well. Office utilisation has increased, both in absolute numbers and also in the variety of staff users.

### Strengthening our networks and external relationships

This past year we have embedded a more systematic approach to stakeholder engagement, which has resulted in a wealth of new project related contacts. Significant progress had been made in strengthening key relationships with particular organisations, as well as supporting more junior staff to develop their own external contacts.



## 5. A look forward to the year ahead – 2022/2023

Through our **quality and equity** programme, as part of the QualityWatch 3 programme, we have been further developing our relationships with PPI organisations, for example by working with National Voices to gather broader feedback on the programme and bring a wider perspective to the Nuffield Trust's work.

Work has commenced looking at the policy challenges and future directions for NHS dentistry. This work will provide us with much-needed analysis of this neglected and deteriorating area of health care.

We have begun a new project on access to prevention, diagnosis and treatment for people with a learning disability. This work will help to establish the Nuffield Trust a greater presence in this field.

Our RSET programme, funded by the NIHR, continues to undertake evaluations of innovative practice in health care delivery. We have recently begun phase two of the RSET outpatients work which will explore how patient-initiated follow up is being

implemented and its impact on service use. We have also begun an evaluation of peer support initiatives across prisons in England and Wales to explore how these peer support schemes are used, the experiences of those delivering and receiving social care support and how we can measure the impact and cost of these schemes.

Our prisoner health programme continues to evolve, with new analysis in progress this year focusing on older and younger prisoners' use of secondary care. We will compare their use of hospital services with the non-prisoner population to identify policy and practice recommendations.

Through our **service delivery** programme, we are working with the Royal College of Surgeons in England to explore the challenges facing those with parental or caring responsibilities in pursuing a career in surgery and explore what policy and implementation opportunities there are.

Within our **innovation** programme we have extended work with the Universities

of Oxford and Plymouth on an Economic and Social Research Council funded project 'Remote-by-Default Care in the COVID-19 Pandemic'. This project will look at whether shifting primary care online will enable patients to have more equal access to care and what policy lessons can be learnt, helping to inform a more fit-for-purpose remote-by-default model in general practice, considering a number of different themes. Improving access to primary care has been an area of strategic policy focus consistently over the last decade so this will enable us to continue to take an active role in the debate.

Within our **politics, funding and reform programme**, we are once again partnering with the King's Fund on the 2022 British Social Attitudes survey – a survey run by NatCen to ascertain the views of the public on a range of health and care related issues – putting the patient and public perspective at the centre of our work.

We are continuing with our successful Brexit programme, the third stage of which will disseminate information on the impact of leaving the EU, on procurement, staffing, trade and areas of divergence with EU policy.

On specific **communications activities**, we will bring the Summit back in person for the first time in three years; develop our digital

strategy; utilise new opportunities for online report launch events; maintain an even balance of proactive/reactive media work; and implement our new public affairs plan.

# Financial review

## Review of income and expenditure for the year ended 30 September 2022

The financial statements for the year to 30 September 2022 have been presented as consolidated accounts for the two entities: The Nuffield Trust for Research and Policy Studies in Health Services and Nuffield Trading Limited (noting that Nuffield Trading Limited is currently dormant).

The Nuffield Trust benefits from an endowment which is primarily held in an investment portfolio. On a long-term basis, and in line with our financial strategy and reserves policy, we aim to maintain the value of these investments (adjusted for inflation). We apply a total return approach to investing, meaning that we do not differentiate between income and market gains. Given the above, due to our treatment of market gains, in some years our annual report will show a significant surplus, while in others it will show a significant deficit. This year, as would be expected with an inflation linked target,

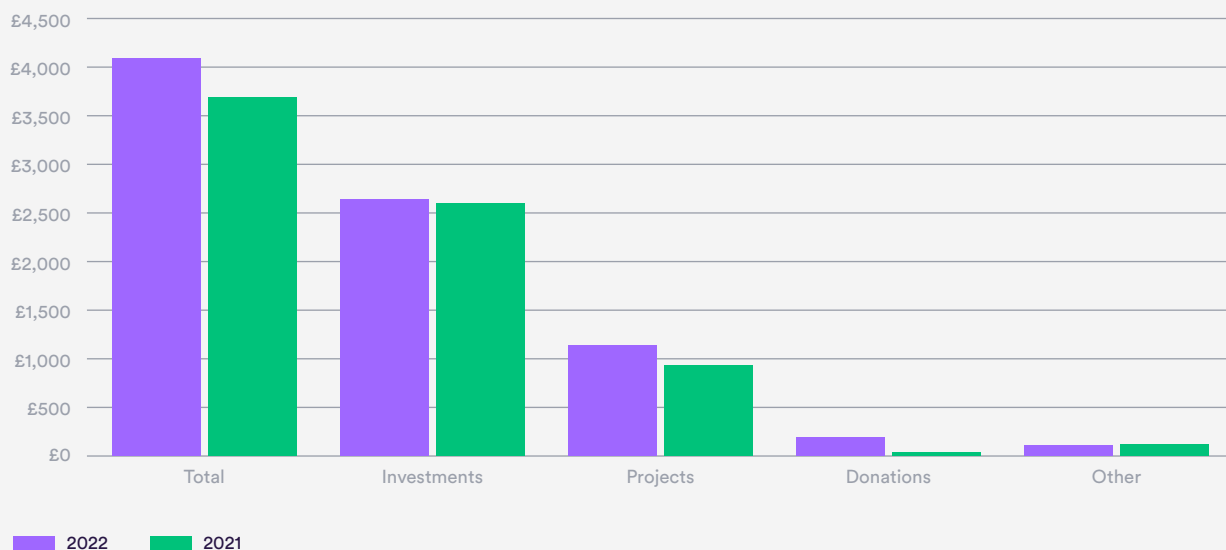
investments have underperformed against the target, so we are showing a deficit.

Total income for the year amounted to £4,087,000 (2021: £3,687,000), of which £1,138,000 (2021: £935,000) was generated from charitable activities and £2,949,000 (2021: £2,752,000) was derived from other sources, namely investments, donations and other trading activities.

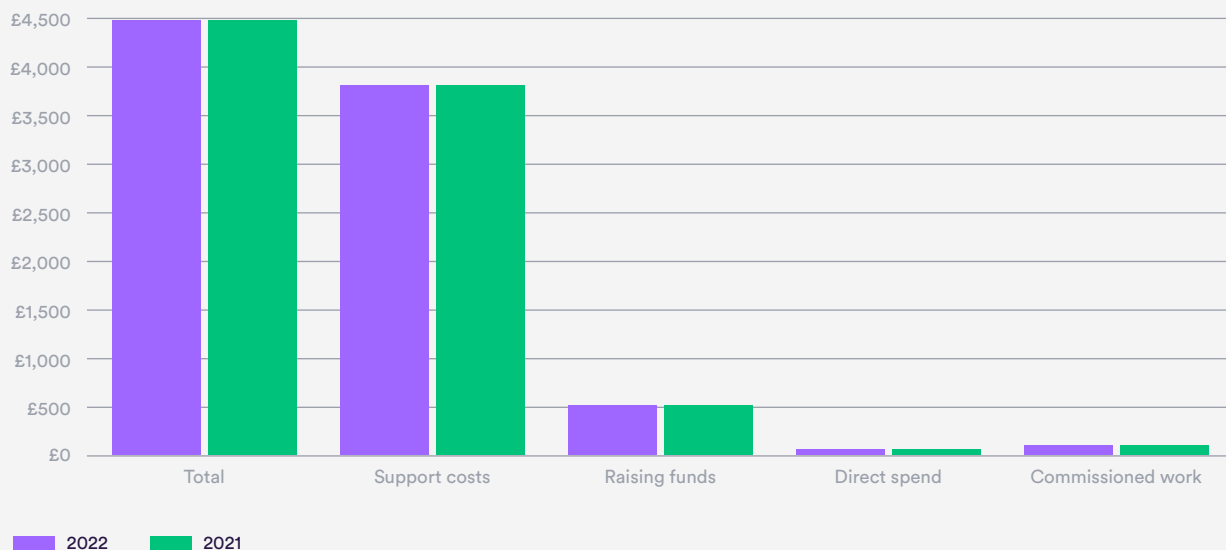
Income from charitable activities increased by £203,000 between 2021 and 2022 due to an increase in purely funded work, with more projects being externally funded by other organisations. Work on projects may span more than one year with income and expenditure being recognised considering an assessment of proportion of work completed at the year-end.

Income from other sources increased by £197,000 between 2021 and 2022 due to a £48,000 increase in investment income, a decrease of £8,000 in other income and an increase of £157,000 in donations.

### Review of income for the year ended 30 September 2022



### Review of expenditure for the year ended 30 September 2022



Total expenditure for the Trust for the year was £4,908,000 (2021: £4,566,000), of which £4,377,000 (2021: £4,056,000) related to charitable activities, which includes the costs of completing project work. Support costs in note 9 include costs of employing staff and providing the infrastructure to enable the work of the Trust to be completed. Direct spend on projects includes commissioning expertise; disseminating our work, including making it available through open access; and ensuring that our work is subject to appropriate peer review.

Expenditure on charitable activities increased by £321,000 between 2021 and 2022 due to the net effect of a decrease in expenditure on commissioned work, a decrease in spend attributable to income generating activities (Direct Spend on projects), a planned increase in staff costs and an increase in other overhead expenditure. These overhead costs are driven in part by a return to more in office working (see the section on Organisational Effectiveness for more on this).

Expenditure on raising funds increased by £21,000 between 2021 and 2022 due to investment management fees decreasing by £1,000 as funds under management have decreased, and the staff costs allocated to generating funds increasing by £22,000.

Net losses on investments for the year were -£9,828,000 (2021: gains £9,205,000). Further details on investment performance are below.

The net expenditure for the year was -£10,649,000 (2021: income £8,326,000).

The Trust is nearly three years into a 5 year strategy, covering the period 2021–2025, in which it lays out the plans for future periods. This five year strategy lays out the Trust’s core objectives in pursuit of achieving the charitable purpose of the organisation:

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

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

## Net assets at 30 September 2022

The Trust's consolidated net assets at 30 September 2022 were £92,853,000 (2021: £103,501,000). This represents a decrease of £10,648,000 (10%) compared with the net assets at 30 September 2021, which was caused by a reduction in the value of investment funds due to negative performance and our normal annual drawdown.

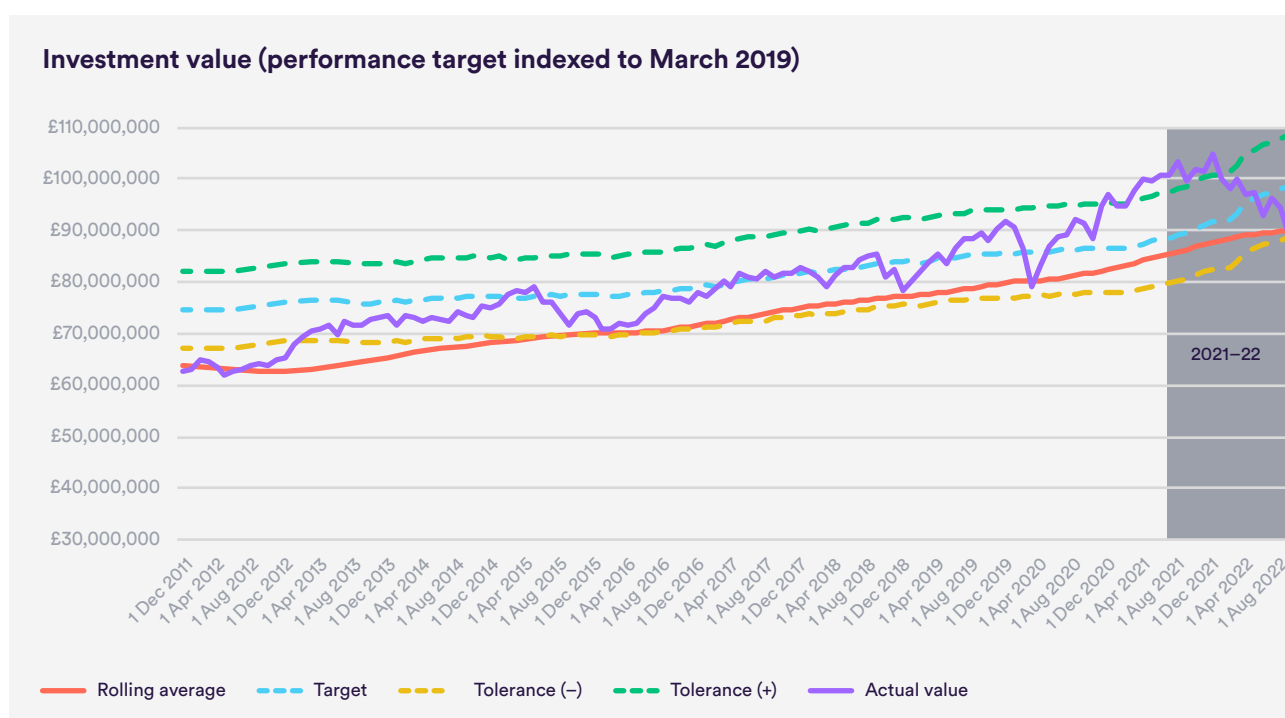
+4.5% per annum; designed to enable a drawdown of funds to support expenditure on charitable activities of 4% (based on a rolling average). Over shorter time periods, performance is measured against a bespoke benchmark based on the underlying strategic asset allocation.

The overall return (before fees) on the total investment portfolio was -£7,185,000 for 2022 (2021: £11,800,000). The portfolio of investments had a total value at 30 September 2022 of £88,926,000 (2021: £99,707,000).

## Investment performance

The long-term investment performance objective for the combined portfolio is to achieve a total return, net of fees, of CPI

When assessing performance against our long-term objectives, we look at the total value of the investment portfolio, after taking into account withdrawals to

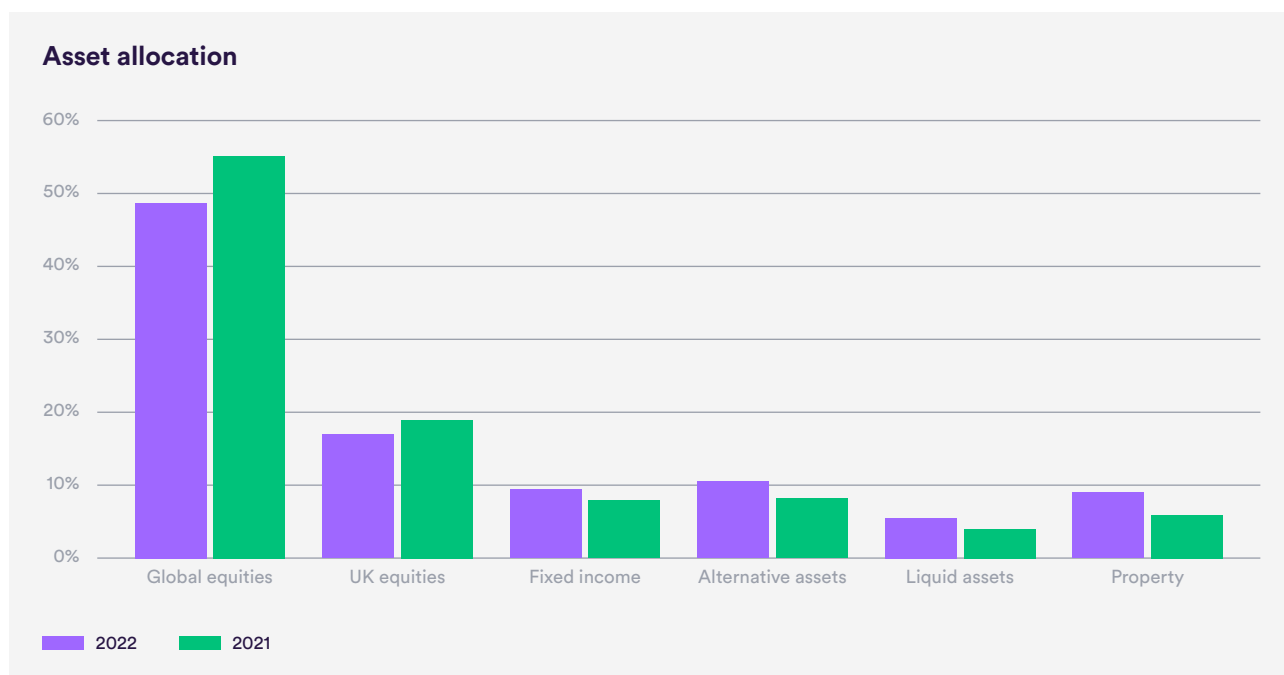


support charitable purpose and investment management fees. We index the performance target and actual values in the chart above to March 2019, allowing a medium to long term comparison to be achieved.

Using this approach, we assess that values have fallen behind inflation in the medium term, as measured by the consumer prices index, and therefore behind the Trust's agreed investment value target, currently set as  $CPI+0.5\%$ , being the performance target ( $CPI+4.5\%$ ), less the agreed drawdown (4%). The chart above presents the value of our investments in absolute monetary terms, which also captures the impact of

periods where the total amount drawn from investment funds differed from the 4% drawdown model, for example during periods of reduced activity or the reinvestment of surplus funds.

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



risk in the portfolio, such as in particularly volatile markets as we saw during 2022.

For the 12 months to 30 September 2022 the total value of the investment portfolio has fallen -20.9% (2021: increase 1.5%) behind of inflation, as measured by the consumer prices index, or -21.4% (2021: increase 1.0%) behind of the inflation linked target, after allowing for the drawdown.

During the year under review the investment assets of the Trust were managed by Sarasin and Partners LLP, with a small amount of funds invested in a J P Morgan Property Fund which is in the process of liquidation.

The funds managed by Sarasin and Partners LLP are invested in two funds which complement each other to achieve the approved investment strategy; the majority of funds are held in the pooled Endowments fund (formerly, Alpha CIF for Endowments), a diversified multi-asset exempt fund for charities, with the remaining funds held in a segregated Global Equity Dividend fund, allowing greater exposure to global equity assets. Both funds have an ethical investment policy that includes avoiding tobacco stocks (further details on ethical restrictions can be found within Financial Strategy and Reserves). The individual income yields on the Endowments fund and Global Equity

Dividend portfolios were 3.0% and 3.1%, respectively, and the combined weighted yield across the aggregated portfolios was 3.0% at 30 September 2022 (2021: 2.7%).

The Trust also holds investment in JP Morgan Asset Management's European Property Fund, a closed and illiquid asset in the process of liquidation. These funds are held separately from the assets managed by Sarasin. At 30 September 2022, the fair value placed on this investment, after taking account of redemptions of £nil (2021: £11,000) received in the year, including cash held against currency hedge, was £16,000 (2021: £14,000).

## Financial strategy and reserves

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

The Trust's policy on expenditure is to ensure there are adequate funds in order to generate a sufficient return to fund both the current and future charitable activities of the Trust. The Trust generates income from a variety of activities that support its core purpose and make the best use of its resources. Where the money generated is insufficient to cover its total expenditure, a proportion is drawn from



the investment capital. In agreeing the level of resources, Trustees are mindful of their responsibility for the long-term stewardship of the Trust. Trustees take a risk-based approach, which aims to balance the Trust's ambition in meeting its charitable objectives; its ability to generate income; and its capacity to spend from investments, now and in the future.

The Trust's total reserves at 30 September 2022 were £92,853,000. As set out in note 20 to the accounts, the entire amount, £92,853,000 represents the expendable endowment.

The Trust's policy on reserves is based on ensuring that they are sufficient to support the long-term nature of its work and cope with fluctuations in annual income. The Trust's policy on 'free reserves' is based on a risk based modelling approach, assessing the impact and timing of key operational risks (as described below) and ensuring the level of reserves are sufficient to mitigate against likely events. 'Free Reserves' exclude both funds which can only be realised by disposing of tangible assets,

and are distinct from funds assigned for other purposes, which in accordance with Charity Commission guidance, would also exclude the value of endowment funds. "Free Reserves" have been agreed at a target level of £1,750,000, reviewable annually, but allowing a +/- 25% variance from this target before a recovery plan is required. Current "free reserves" (being the total of "Short term deposits" and "Cash and bank and in hand") are £1,974,000 and are within the target band. The Trustees consider reserves to be at an appropriate level as these funds are sufficient to meet the foreseeable future activities and income fluctuations.

The Trust's policy on investments is to take a long-term approach, investing globally in a range of assets with the intention of preserving the value of the endowment in real terms after any drawdown to fund expenditure. Ethical restrictions in place limit direct investment in tobacco production and investment in companies that derive significant income (greater than 10%) from armaments, gambling, alcohol, adult entertainment or tobacco.



A review at the financial year end, indicates that exposure to these restricted areas amount to approximately 0.07% of our total holdings, down from 0.17% last year, or £60k, with the largest proportion being alcohol, through holdings in retail and leisure outlets. In addition, Trustees are committed to reviewing the Trust's ethical investment restrictions at least annually.

Trustees are committed to continually reviewing the stance on Environmental, Social and Governance (ESG) issues. Previous improvements saw Trustees agree to align investment activities to the Paris Climate pledges, resulting in improved understanding of investment holdings and the associated environmental impact.

During the year, Trustees have also agreed to join an investor coalition, run by ShareAction called Long-term Investors in People's Health (LIPH). By joining this initiative, we have committed to better align the investment activities with the strategic objectives of the Trust.

The Trust's investment strategy is to manage the portfolio on a total return basis, income and capital combined. The Trust has an asset allocation that is geared towards equities because of their higher expected returns in the long term (based

on historical performance). The Trustees recognise that the Trust will need to withdraw both investment income and some of the investment capital to fund the gap between its annual income and expenditure. This is set annually as part of the budget process based on the average value of the investment fund over the last 20 quarters.

## Going concern

In agreeing the planned activities for the coming 12 to 18 months, the Trust has implemented a number of approaches to ensure that operations remain viable under the scenarios that are likely, given the future uncertainty caused by the wider economic conditions:

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

More broadly, the Board regularly reviews forecasts and projections and, having considered this routine review and the information provided from above, has not identified any material uncertainty relating to the Trust's ability to continue as a going concern.

# Structure, governance and management

The Trust is a company limited by guarantee, registered in England and Wales as company number 00382452. It is registered with the Charity Commission as charity number 209169.

The Trust's Articles of Association provide for a minimum of four Trustees, and a maximum of twelve. Trustees are appointed for an initial term of three years and may be reappointed for up to a third term. Appointment as a Trustee is open to any suitably qualified member of the public. Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Trust and their responsibilities as a Trustee.

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

The Board of Trustees meets four times a year with the Chief Executive and the Leadership Team to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to

the operations of the Trust. The Board of Trustees has established two other standing committees to support it in its work.

The **Governance, Nominations and Remuneration Committee** assists the Trustees by overseeing: governance; nominations; succession planning; induction support and development of Board members (individually and collectively); human resource issues, including the remuneration packages for directors; and any other functions delegated by the Board.

The **Finance Committee** assists the Trustees by: overseeing all financial and investment aspects of the charity; overseeing systems of internal control; and monitoring risk management, so as to ensure the short- and long-term viability of the Trust.

The membership of these committees is shown on page 2.

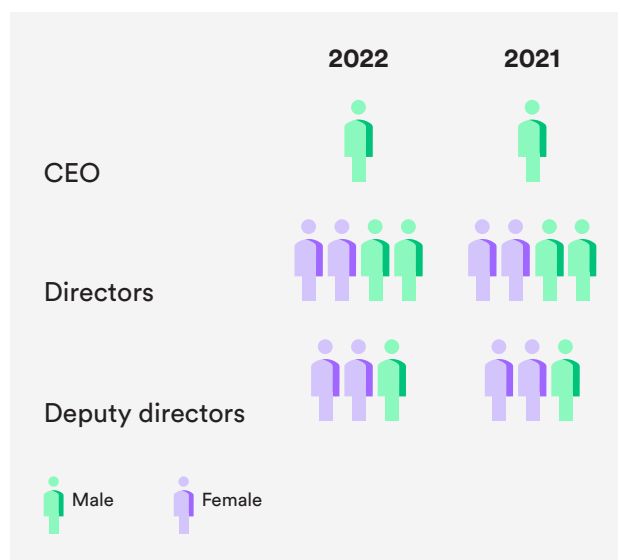
## Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, to whom they delegate the responsibility for realising the Trust’s strategies and objectives and for the day-to-day management of the Trust. The Chief Executive is supported by a Leadership Team, to whom they delegate authority for financial and contractual decision, as detailed in the ‘Scheme of Delegation of Financial and Contractual Authorities’. The corporate governance arrangements, including the scheme of delegation, are reviewed at least every two years. The last review and update was completed in June 2021 and the next review is scheduled to be completed by the summer of 2023.

Directors work within the framework set by the strategic plan and annual operating plan approved by the Board. Work programmes are produced for the different areas of activities. Progress on these work programmes is reported regularly to the Board, and approval secured for changes where necessary. It monitors, reviews and takes action on strategic goals and work programmes. Details of the current Key Management Personnel and those who served during the year can be found on page 2.

Since extending the Leadership Team structure during 2021, to include deputy directors, the structure has been unchanged. Since 2020 the Leadership Team regularly review their working approach, modifying it as appropriate to ensure effectiveness, for example by adopting a more frequent meeting pattern during national lockdowns.

The Leadership Team structure for decision making is illustrated below:



## Our funding

The Nuffield Trust has an expendable endowment valued at £92,853,000 at 30 September 2022. This endowment provides the Trust with a valuable source of income (£2,643,000 in the current year). We also obtain funds by withdrawing a proportion of the investment capital each year, in line with our financial strategy.

These sources of funds are not adequate to fund all our activities but guarantee a consistent and completely unrestricted stream of funds. The sources of our other income, from charitable activities, donations and others, is set out in the Consolidated Statement of Financial Activities.

The sources of our funding are diverse, with no single organisation contributing a sufficient proportion of the income to create reliance or significant risk to the organisation were it to be withdrawn. This provides reassurance that our objectivity and independence can be maintained.

## Managing risk

The Trust's risk management approach, governed by the Board of Trustees, is documented as the Corporate Risk Assessment and Management Framework.

This framework describes the processes defining risk identification, assessment, recording, ownership, measurement and monitoring. A complete review of the approach to risk management was undertaken during the year.

Within the framework, there are three categories of risks: 'static', i.e. unlikely to require significant change in the short to medium term; 'dynamic', i.e. ever changing and with management controls that are under constant review; and 'evolving', low-level risks which may, in the right environment, convert into high-level risks in the future, captured on a 'watch list'. The review frequency of each category has been defined to ensure appropriate levels of focus and resource are applied.

The Trust's Leadership Team is responsible for ensuring that the risk management approach is adequately applied and for reporting to Trustees based on risk category and the defined review frequency.

A summary of the Trust's approach to mitigating the most significant risks is shown below.

Risk	Management response	
	Management approach/plan	Monitoring process
The Trust are successfully targeted in a cyber-attack.	<ul style="list-style-type: none"> <li>• Application of IT Security strategy across the Trust.</li> <li>• Staff training and awareness programme.</li> <li>• Technological controls.</li> <li>• Business continuity plans.</li> </ul>	<ul style="list-style-type: none"> <li>• External assessments – ISO and Penetration Testing.</li> <li>• Real time threat reporting.</li> </ul>
Levels of funding at the Trust are insufficient to support charitable activities.	<ul style="list-style-type: none"> <li>• Continual development and review of external funding opportunities</li> <li>• Defined objectives and restrictions set for investment managers.</li> <li>• Use of financial modelling to predict the impact of economic events on investments.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of potential funding opportunities and bids in the pipeline.</li> <li>• Regular review of investment manager performance, both against target and modelling.</li> </ul>
The Trust's independence is challenged.	<ul style="list-style-type: none"> <li>• Ensure suitable editorial control arrangements.</li> <li>• Ensure suitable funding proportions (internal/external funding) and that the sources of funding would not. jeopardise independence, whether perceived or actual.</li> <li>• Approach to managing intellectual property.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of editorial control and IPR commitments at contractual stage, ensuring fit for purpose.</li> <li>• Regular review of funding sources.</li> </ul>
There is a failing in Information Governance (IG) controls at the Trust.	<ul style="list-style-type: none"> <li>• Maintain our ISO 27001 accreditation, continually improve our approach to IG, and ensure access to relevant training.</li> <li>• Proactive approach to cyber security.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal and external audits of IG arrangements. Annual renewal of ISO/the NHS IG toolkit.</li> <li>• Annual network security assessments.</li> </ul>
There is poor staff wellness or morale	<ul style="list-style-type: none"> <li>• Improved review process to include specific focus on wellbeing</li> <li>• Regular engagement to ensure wellness and support under homeworking conditions</li> <li>• Renewed Employee Assistance Programme</li> <li>• Enhanced financial support for homeworking equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review of sickness data</li> <li>• Employee forum feedback</li> <li>• Regular surveys through the pandemic period, extended to pulse surveys more recently.</li> <li>• Biennial staff survey.</li> </ul>

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

During the Coronavirus pandemic, several risks were heightened in recognition of the increased likelihood of certain events occurring. As a result, the related mitigations were reviewed and improved. The severity of these specific risks and the effectiveness of the related mitigations has been closely monitored.

During the current year, specific concerns regarding Coronavirus have lessened, although we continue to monitor this. Focus has moved to economic matters and their effects on the Trust.

Unmitigated, the environment of high inflation, increasing interest rates and poor investment market performance has the potential to materially affect the Trust's activity levels in the short to medium term. The Trust has existing financial structures that serve to protect activity from short term economic shifts. These are widely understood, regularly reviewed and approved by the Finance Committee.

Given recent economic uncertainty, we have applied additional mitigations and enhanced our monitoring approach. We developed a model to test a variety of possible scenarios, providing an indication of the long term (five year) impact to our budget and will monitor actual movements through the coming months. We also agree to reduce expenditure at every reasonable opportunity until the level of uncertainty reduces.

Continuing from previous years, the Trust recognises that its employees' personal circumstances may have been impacted significantly, first by the pandemic and now due to events in the economy. We regularly review how we can best support our staff, starting with a commitment for an inclusive and equitable culture which drives developments in areas such as remuneration, learning and development, and flexible working (for more information, see Organisational Effectiveness on page 40).

## **Remuneration policy**

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



other staff is approved by the Chief Executive within the financial parameters approved by the Board upon recommendation from the Finance Committee. In reaching its recommendation, the Finance Committee considers key inflationary indicators (e.g. CPI) and the increases made by comparable organisations and the NHS.

During the year, the Trust has continued to build on previous work around pay and progression. Having developed a competency framework to support the development of individuals and talent during 2020, we implemented a renewed pay progression framework during this year. We are also in the process of finalising a learning and development framework which will define roles, responsibilities and routes to access development opportunities.

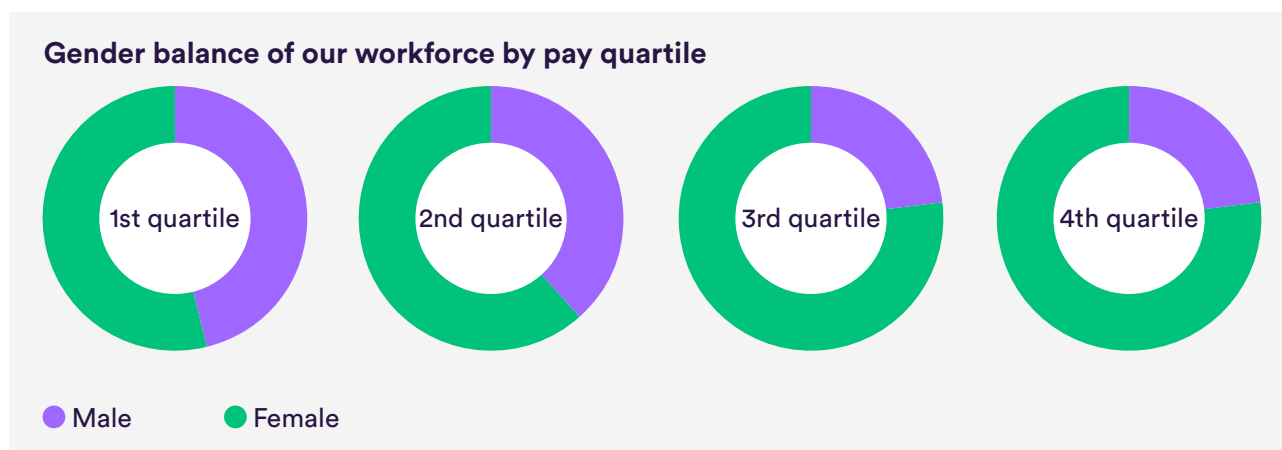
Organisations which employ more than 250 people are required to publish figures

comparing men and women’s pay. During 2021/22 the Trust had less than 50 individuals on the payroll, and is not therefore under a legal obligation to publish gender pay gap information.

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

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

Overall, the workforce is predominantly female. While women are generally well represented at senior levels, there are very few male staff in the 3rd and 4th quartile. During 2020 the Trust reviewed data on the gender, race and other protected characteristics of individuals



and how all people are recruited, managed, developed and rewarded and are making changes to ensure that our approach and processes are appropriately inclusive (for more information, see Organisational effectiveness).

## Fundraising policy

Section 162a of the Charities Act 2011 requires us to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable could include legacies and grants and are presented in our accounts within ‘charitable activities’.

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators, professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Leadership Team, who are accountable to the Trustees. We are not subject to any regulatory scheme (voluntary or otherwise) or relevant codes of practice, nor have we received any complaints in relation to fundraising activities or consider it necessary

to design specific procedures to monitor such activities.

## Organisational effectiveness

The Trust strives for continuous improvement, looking both internally and externally for drivers for change. Looking internally, we actively seek to identify opportunities for improvement or gaps in existing process. We use formal gap analysis approaches and use forums to bring in staff opinion. We look externally for learning, including from industry best practice, similar organisations, and learning from the changing economic climate.

Our internal governance framework delegates certain decisions to the responsibility of the Leadership Team. In recent years we have developed a consultative approach, adding greater diversity to the process. We have developed staff representative groups where appropriate and provide a range of channels for staff to feed into the change process.

We have also agreed a strategic objective to improve the benefit gained from external networks. This is not only in relation to our research work, but also the operational

aspects of the organisation. We bring in learning from other organisations where we can.

### **Staff development and pay**

A Pay & Progression Framework was developed, approved, and launched in January 2022. This outlines the Trust's approach to pay and progression decisions and how these are implemented. It includes the Trust's pay scale with all roles mapped to spine points, supporting the Trust's aim for pay equity and transparency relating to pay and progression.

In addition, a new Learning & Development Framework now combines all information relating to learning and development in one accessible document. This aims to support the Trust's commitment to providing a continuous learning environment where managers are supportive of learning and employees are motivated to transfer their learning back to the workplace and into their job.

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

The staff led ED&I group continues to meet regularly, with an ongoing focus on ensuring all processes embed an equity, diversity and inclusion approach. This applies to our approach to recruitment, appointment and progression; to our approach to research; and

to communicating the outputs of research. The Trust took a significant role in planning the annual Think Tank Outreach event, aiming to increase diversity in the world of research and policymaking by promoting a career in the sector to students. The Trust also took part in the Health Data Science Black Internship Programme, supporting two interns to develop their research skills and experience. The programme aims to tackle the underrepresentation of Black people within the health data science sector. Relevant training is ongoing, with a recent focus on understanding and supporting neurodiversity in the workplace.

### **Intellectual Property**

Acknowledging that intellectual property is the source of much of our impact, we have developed an improved approach. First, by defining a baseline expectation for intellectual property we produce when delivering funded work, which includes a framework for likely outputs. We also have a mechanism for agreeing intellectual property ownership not in accordance with this framework. This framework is now embedded into our template agreements.

### **Operations Team effectiveness review**

The Operations Team provide essential support to the other functions of the Trust. Continuing from the previous year, during

the year we have reviewed how effective these support functions are, thus assessing the ability of the team to add value to the activities of the Trust. We use this regular review to identify areas where we might improve, triggering an improvement plan to be delivered against over the coming 12 months.

### **Resource deployment**

We have an established resource deployment framework, setting expectations on how staff time will be deployed in achieving the charities strategic aims. This includes how time is allocated to delivering projects and expected business activities, like management, but also aims to ensure space for learning and development and contributing to the benefits that a social element brings to the workplace.

During the year we reviewed several aspects of this framework. We reviewed the benchmark time expectations that we have set and also how effective the framework was in its aims. The review triggered improvements which we will monitor in the coming year.

### **The impact of Coronavirus**

The impact of the pandemic has decreased, with Coronavirus now being one of many external uncertainties for us as a business. We

continue to adapt to the changes that have occurred over the past two and a half years.

### **Future ways of working**

The Trust's Hybrid Working Policy was implemented from January 2022. This policy describes the working arrangements that apply to those who opt to work in a hybrid manner. Hybrid working is recognised as an important element of both our strategy for adapting to, and thriving in, the new working environment; and commitment to supporting a positive work-life balance. Staff are given regular opportunities to feed back their experience of hybrid working, which informs policy reviews.

Flexitime had been operating informally across the organisation for some time. This has been explicitly included as a flexible working option for all staff. The Trust also supports the right to request flexible working from day one of employment.

Technology plays a central role in supporting how we work. A project to modernise our IT estate was successfully delivered during the spring of 2022 and we are working to maximise the value we gain from access to a new suite of tools available to us.

## Subsidiary undertaking

The Trust operates a wholly owned trading subsidiary, Nuffield Trading Limited, which historically carried out non-charitable trading activity for the Trust. At the end of the September 2019 financial year, the decision to absorb these activities into the Charity as non-primary purpose income was made and the subsidiary has since moved to a dormant status. Details are included in Notes 2 and 22 to the accounts.

## Responsibilities of the Trustees

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006, and for being satisfied that the financial statements give a true and fair view. The Trustees are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this Trustees' Annual Report, advantage has been taken of the small companies' exemption.

## Auditors

The current Trustees have taken all steps they ought to have to make themselves aware of any information needed by the Trust's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have indicated their willingness to continue in office and a resolution to reappoint them will be proposed at a meeting of the Board of Trustees.

Approved by the Chair on behalf of The Nuffield Trust

A handwritten signature in black ink that reads "Marni Marshall". The signature is written in a cursive, flowing style.

Chair, The Nuffield Trust

Date: 15 December 2022

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

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2022 and of the Group's incoming resources and application of resources and the Parent Charitable Company's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Nuffield Trust for Research and Policy Studies in Health Services ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended

30 September 2022 which comprise the Consolidated statement of financial activities, the Consolidated and charity balance sheets, the Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions related to going concern

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

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

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

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's report.

- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion; adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or

## Responsibilities of Trustees

As explained more fully in the Responsibilities of the Trustees statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in

accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We obtained an understanding of the legal and regulatory frameworks through our accumulated knowledge and consideration of sector information that is applicable to the Charitable Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the financial reporting framework including but not limited to United Kingdom Generally Accepted Accounting Practice, the Charities Act 2011, the Companies Act 2006, Data Protection Act 2018, Bribery Act 2010 and tax legislation.
- We understood how the Charitable Company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of minutes.
- We assessed the susceptibility of the Charitable Company's financial statements to material misstatement, including how fraud might occur by discussing with management where it is considered there was a susceptibility of fraud relating to management override of controls and improper income recognition. In addressing the risk of fraud, including the management


override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date 20 December 2022

BDO LLP is a limited liability partnership  
registered in England and Wales (with  
registered number OC305127).

## Consolidated statement of financial activities for the year ended 30 September 2022

	Note	Unrestricted funds 2022 £'000	Expendable endowment fund 2022 £'000	Total funds 2022 £'000	Total funds 2021 £'000
<b>Income and endowments</b>					
Donations	4	194	–	194	37
Investment income	5	–	2,643	2,643	2,595
Charitable activities	6	1,138	–	1,138	935
Other		112	–	112	120
<b>Total income and endowments</b>		<b>1,444</b>	<b>2,643</b>	<b>4,087</b>	<b>3,687</b>
<b>Expenditure</b>					
Raising funds	7	–	531	531	510
Charitable activities	8	4,377	–	4,377	4,056
<b>Total expenditure</b>		<b>4,377</b>	<b>531</b>	<b>4,908</b>	<b>4,566</b>
Realised and unrealised gains on investment assets	13	–	(9,828)	(9,828)	9,205
<b>Net (expenditure)/income before transfers</b>		<b>(2,933)</b>	<b>(7,716)</b>	<b>(10,649)</b>	<b>8,326</b>
Transfers	11	2,933	(2,933)	–	–
<b>Net (expenditure)/income and net movement in funds</b>		<b>–</b>	<b>(10,649)</b>	<b>(10,649)</b>	<b>8,326</b>
Reconciliation of funds – balances brought forward		–	103,502	103,502	95,175
<b>Balances carried forward</b>		<b>–</b>	<b>92,853</b>	<b>92,853</b>	<b>103,502</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 54 to 72 form part of these financial statements.

## Consolidated and charity (Company number 00382452) balance sheet at 30 September 2022

	Note	Consolidated 2022 £'000	Consolidated 2021 £'000	Charity 2022 £'000	Charity 2020 £'000
<b>Fixed assets</b>					
Tangible assets	12	1,747	1,748	1,747	1,748
Investments	13	88,926	99,707	88,926	99,707
		<b>90,673</b>	<b>101,455</b>	<b>90,673</b>	<b>101,455</b>
<b>Current assets</b>					
Debtors	14	750	633	750	633
Short term deposits	15	1,923	1,775	1,923	1,775
Cash at bank and in hand		51	51	51	51
		<b>2,724</b>	<b>2,459</b>	<b>2,724</b>	<b>2,459</b>
Creditors: amounts falling due within one year	16	(487)	(255)	(487)	(255)
<b>Net current assets</b>		<b>2,237</b>	<b>2,204</b>	<b>2,237</b>	<b>2,204</b>
Creditors: amounts falling due after one year	17	(57)	(157)	(57)	(157)
<b>Net assets</b>		<b>92,853</b>	<b>103,501</b>	<b>92,853</b>	<b>103,501</b>
<b>Funds</b>					
<b>Expenditure endowment fund</b>	20	92,853	103,501	92,853	103,501
Designated fund	20	–	–	–	–
<b>Total funds</b>		<b>92,853</b>	<b>103,501</b>	<b>92,853</b>	<b>103,501</b>

The deficit attributable to the Charity for the year ended 30 September 2022 was -£10,649,000 (2021: surplus £8,326,000).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Chair on behalf of the Trustees of The Nuffield Trust and authorised for issue on 15th December 2022.



Martin Marshall, Chair, The Nuffield Trust.

The notes on pages 54 to 72 form part of these financial statements.

## Consolidated statement of cash flows for the year ended 30 September 2022

	Note	2022 £'000	2021 £'000	2021 £'000
Cash used in operating activities	24		(3,360)	(3,360)
<b>Cash flows from investing activities</b>				
Dividends and interest from investments		2,638		2,595
Purchase of tangible fixed assets		(83)		(29)
Proceeds from sale of investments		9,074		8,292
Purchase of investments		(8,121)		(7,406)
<b>Cash generated by investing activities</b>				
			3,508	3,452
<b>Increase in cash and cash equivalents</b>			148	92
<b>Cash and cash equivalents at the beginning of the year</b>			1,826	1,734
<b>Cash and cash equivalents at the end of the year</b>			1,974	1,826
<b>Analysis of cash and cash equivalents</b>				
Short term deposits	15		1,923	1,775
Cash at bank and in hand			51	51
<b>Total funds</b>			1,974	1,826

No reconciliation of net debt has been prepared as the Trust holds only cash and cash equivalents. The net change in cash or cash equivalent funds during the period was £148,000 (2021: £92,000).

# Notes on the financial statements

## 1. Accounting policies

The Nuffield Trust is an incorporated charity registered in England and Wales with the Charity Commission. The address of the registered office is given on the opening page of this document and the nature of its operations is set out in the report of the directors. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies.

In the course of preparing the financial statements, judgements have been made in the process of applying the Charity's accounting policies; those involving estimations regarding the income attributable to the partial delivery of funded projects that have had a significant effect on the amounts recognised in the financial statements and, in determining the correct treatment of our obligations in relation to the USS Pension Scheme.

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

### Disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent charity;



- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

#### **Basis of consolidation**

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertaking, all of which were prepared to 30 September 2022. The trading results of the subsidiary undertaking as shown in note 22 are consolidated on a line-by-line basis within the consolidated statement of financial activities (SoFA). A separate SoFA for the charity is not presented as permitted by the Companies Act 2006.

#### **Income**

All income is recognised once the group and charity has entitlement to the resources, it is probable that the resources will be received, and the monetary value of the income can be measured with sufficient reliability.

#### **Investment income**

Dividends and interest are included on an accruals basis.

Dividends and interest are stated inclusive of the relevant tax claim as the Trust has activities that are not liable to income tax.

#### **Income from charitable activities**

Revenue from performance-related grants and contracts is recognised only when funds have been utilised to carry out the activity stipulated in the agreement. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

#### **Expenditure**

These comprise costs of raising funds and charitable expenditure.

Costs of generating funds comprises expenses relating to management of the charity's investments and all costs associated with the charity's subsidiary company.

Direct charitable expenditure comprises commissioned work and expenditure on performance-related charitable contracts directly relating to the objects of the charity. Commissioned work is allocated and recognised as expenditure in full in the year of approval from the General Fund on the basis of the anticipated expenditure during the tenure of each piece of commissioned work. Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources

and including the associated costs of publication and dissemination. Expenditure on performance-related contracts is recognised only when the activity stipulated in the agreement has been completed. This is generally equivalent to the proportion of the relevant recognised income during the year.

Support costs include those relating to business support (including human resource and general administration expenses), executive management, and governance, finance, and information systems. The details of support costs are shown under note 9.

#### **Fixed assets**

Furniture and equipment acquisitions have been capitalised and depreciation provided for at 25% on an annual straight line basis.

The leasehold premises (originally acquired by The Nuffield 1940 Trust in 1992) are depreciated over the remainder of the lease, currently 61 years. Straight line depreciation of 5% per annum is applied to capital additions. The Trustees consider whether there has been any impairment of the property on an annual basis.

#### **Fixed assets investments**

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and

losses arising on revaluation and disposal throughout the year.

#### **Realised gains and losses**

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

#### **Staff pensions**

During the year the Trust operated a Group Personal Pension scheme administered by Royal London. This is a defined contribution scheme. The Trust is not a member of any other pension schemes. Accordingly, due to the nature of the schemes, the accounting charge for the period under FRS102 represents the employer contributions payable.

#### **Funds**

The expendable endowment fund was created by a donation from The Nuffield 1940 Trust. The income from this fund is on the terms equivalent to the objects of the Trust and is therefore not restricted. The terms of the fund allow the income to be

accumulated and the capital to be spent as the Trustees determine.

Designated funds are funds that have been set aside by the Trustees for a specific purpose, with the balance constituting the charity's expendable endowment. An analysis of designated funds is provided in note 20.

#### **Derivative financial instruments**

Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the Statement of Financial Activities. Outstanding derivatives at reporting date are included under the appropriate format heading, depending on the nature of the derivative.

#### **Contingent Liabilities**

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

## **2. Subsidiary**

The Trust owns the whole of the issued capital amounting to £1 (one ordinary share of £1 each) of Nuffield Trading Limited, a company registered in England and Wales with number 06898100. Its principal activity is non-charitable trading activity not covered by the Trust's main objectives. Nuffield Trading Limited gift aids its entire profit to the Trust. As previously noted, Nuffield Trading Limited has been dormant for the entirety of the financial year.

## **3. Basis of consolidation**

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

## **4. Donations income**

	2022	2021
	£'000	£'000
Donation income – seconded staff (note 9)	194	37

## 5. Investment income

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

	2022 £'000	2021 £'000
Investment portfolio	2,638	2,595
Bank interest	5	0
	<b>2,643</b>	<b>2,595</b>

All the investment income of £2,643,000 in 2022 was related to the expendable endowment fund (2021: £2,595,000).

## 6. Charitable activities

	2022 £'000	2021 £'000
Income from projects	1,138	935

All the income from charitable activities of £1,138,000 in 2022 was related to unrestricted funds (2021: £935,000).

## 7. Raising funds

	2022 £'000	2021 £'000
Investment management fees charged	318	319
Support costs (note 9)	213	191
	<b>531</b>	<b>510</b>

All the expenditure from raising funds of £531,000 in 2022 was related to the expendable endowment fund (2021: £510,000).

## 8. Charitable expenditure

The objects of the Trust are to promote, carry out or advance any charitable objects, and in particular the prevention or relief of sickness and the advancement of the health of the people of the United Kingdom, in particular through the promotion of improvements in the quality of health care and health policy. All the activities of the charity are managed through a single structure with the impact of activities reported against the strategic objectives. Below is an analysis of this expenditure:

	2022 £'000	2021 £'000
Commissioned work	91	130
Direct spend	126	123
Support costs (as shown in note 9)	4,160	3,803
	<b>4,388</b>	<b>4,056</b>

All the charitable expenditure of £4,377,000 in 2022 was related to unrestricted funds (2021: £4,056,000).

## 9. Allocation of support costs

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

	Raising funds	Charitable activities	Total allocated costs	Total
	2022	2022	2022	2021
	£'000	£'000	£'000	£'000
Staff time (nature of the charge)	174	3,213	3,387	3,188
Notional cost of seconded staff (nature of the charge)	–	194	194	37
Premises costs (use of area)	13	252	265	243
IT and telephone costs (staff time)	12	226	238	261
Travel and hospitality (staff time)	0	3	3	1
Professional fees (staff time)	1	21	22	17
Communications and PR (staff time)	5	82	87	94
General costs including irrecoverable VAT (staff time)	8	139	147	121
Governance fees (nature of the charge)	–	29	29	32
	<b>213</b>	<b>4,160</b>	<b>4,373</b>	<b>3,994</b>

Trustees' expenses included in general costs above amount to £nil (2021: £nil). Governance fees include audit fees of £25,000 (2021: £25,000 ) and for the charity only £25,000 (2021: £25,000).

### Secondments and placements

The Trust has benefitted throughout the year from 4 secondments. The Trust gratefully acknowledges the support and has estimated that the value is £194,000 (2021: 1 person, £37,000).

## 10. Staff emoluments

	2022 £'000	2021 £'000
Salaries costs	2,595	2,481
Social security costs	292	271
Pension costs	363	351
Other staff costs	217	150
	<b>3,467</b>	<b>3,253</b>

The key management personnel of the charity, as defined by SORP, comprise the Trustees and the Directors within Senior Staff as listed on page 2. The total employee benefits of the Trustees was nil for both 2022 and 2021, for Senior Staff during the year it totalled £690,000 (2021: £642,000).

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

	2022 £'000	2021 £'000
Project staff costs, allocated as direct project costs	80	65
Allocated as support costs	3,387	3,188
	<b>3,467</b>	<b>3,253</b>

The average number of employees employed by the group during the year was, by headcount 46 (2021: 48), by full time equivalent 43 (2021: 44). All were employed by the charity.

### Higher paid employees – Group and Charity

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

	2022 £'000	2021 £'000
£60,000 to £70,000	5	5
£70,000 to £80,000	2	4
£80,000 to £90,000	1	–
£90,000 to £100,000	2	2
£100,000 to £110,000	1	–
£120,000 to £130,000	1	1
£180,000 to £190,000	1	1

Contributions were made to the Nuffield Trust's Defined Contribution pension scheme for 13 (2021: 13) higher paid employees. .

### 11. Transfer between funds

Under the terms of the expendable endowment, any shortfall in unrestricted funds and the costs of meeting project commitments can be transferred from the expendable endowment.

	2022 £'000	2021 £'000
Net expenditure for the year from unrestricted charitable activities	(2,933)	(2,964)
Designated funds expended in the year	–	45
<b>Transfer from expendable endowment to unrestricted funds</b>	<b>(2,933)</b>	<b>(2,919)</b>

## 12. Tangible fixed assets

### Consolidated and parent charity

	Leasehold properties £'000	Furniture and equipment £'000	Total £'000
<b>Cost</b>			
At 1 October 2021	2,222	224	2,446
Additions	30	54	84
Disposals	–	–	–
<b>At 30 September 2022</b>	<b>2,252</b>	<b>278</b>	<b>2,529</b>
<b>Depreciation</b>			
At 1 October 2021	(536)	(162)	(698)
Provision during the year	(42)	(43)	(85)
Disposals	–	–	–
<b>At 30 September 2022</b>	<b>(578)</b>	<b>(205)</b>	<b>(783)</b>
<b>Net book value</b>			
<b>At 30 September 2022</b>	<b>1,674</b>	<b>73</b>	<b>1,747</b>
At 30 September 2021	1,686	62	1,748

The leasehold properties were transferred from The Nuffield 1940 Trust on 30 November 2007 at deemed cost.



### 13. Fixed asset investments

#### Consolidated and parent charity

	2022 £'000	2021 £'000
Market value at 1 October 2021	98,577	89,975
Additions	8,121	7,406
Disposals	(7,520)	(5,616)
Unrealised (losses)/gains	(11,480)	6,812
<b>Market value at 30 September 2022 (Listed Investments)</b>	<b>87,698</b>	<b>98,577</b>
Short term deposits (Cash and Cash Equivalents)	1,228	1,129
<b>Total investments at 30 September 2022</b>	<b>88,926</b>	<b>91,706</b>
<b>Historical cost of assets held at 30 September 2022</b>	<b>68,886</b>	<b>68,073</b>
The geographical split of investments is as follows:		
UK	75,281	83,926
Overseas	13,645	15,781
	<b>88,926</b>	<b>99,707</b>

#### Realised and unrealised (losses)/gains on investments

	2022 £'000	2021 £'000
Unrealised (losses)/gains	(11,480)	6,811
Realised gains	1,652	2,394
	<b>(9,828)</b>	<b>9,205</b>

## 14. Debtors

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Prepayments	186	105	186	105
Other debtors	564	528	564	528
Amounts owed by subsidiary company	–	–	0	0
	<b>750</b>	<b>633</b>	<b>750</b>	<b>633</b>

## 15. Short-term deposits

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Coutts Bank Deposit accounts	1,823	1,675	1,823	1,675
CCLA Term Deposit	100	100	100	100
	<b>1,923</b>	<b>1,775</b>	<b>1,923</b>	<b>1,775</b>

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

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Tax and social security	–	(0)	–	(0)
Commissioned work commitment	39	66	39	66
Accruals and other creditors	319	189	319	189
Leasehold obligations	129	–	129	–
	<b>487</b>	<b>255</b>	<b>487</b>	<b>255</b>

## 17. Debtors

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2021 £'000
Leasehold obligations	57	157	57	157

## 18. Financial instruments

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

	Group 2022 £'000	Group 2021 £'000
<b>Financial assets</b>		
Financial assets measured at fair value through the statement of financial activities	88,926	99,707
Financial assets that are debt instruments measured at amortised cost	2,724	2,458
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	544	412

Included within financial assets at fair value are a number of derivative instruments, including swaps and forward purchase arrangements, which form part of the organisation's overall investment strategy. As at 30 September 2022 the fair value of these derivatives was -£228,000 (2021: £41,000).

Financial assets measured at fair value comprise investments.

Financial assets measured at amortised cost comprise debtors, short-term deposits and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise creditors.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow and interest rate risk is included in the Trustees' annual report.

## 19. Funds

	Group 2022 £'000	Group 2021 £'000	Charity 2022 £'000	Charity 2020 £'000
<b>Expendable endowment</b>				
Balance at 1 October 2021	103,502	95,130	103,502	95,130
Excess of expenditure over income from financial activities	(7,716)	11,290	(7,705)	11,290
Transfer (to) designated funds	(2,933)	(2,919)	(2,933)	(2,919)
<b>Balance as at 30 September 2022</b>	<b>92,853</b>	<b>103,502</b>	<b>92,853</b>	<b>103,502</b>
<b>Designated fund</b>				
Balance at 1 October 2021	–	45	–	45
Excess of expenditure over income from financial activities	(2,933)	(2,964)	(2,933)	(2,964)
Transfer from expendable endowment	2,933	2,919	2,933	2,919
<b>Balance as at 30 September 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total funds</b>				
Balance at 1 October 2021	103,502	95,175	103,502	95,175
Excess of expenditure over income from financial activities	(10,649)	8,326	(10,649)	8,326
<b>Balance as at 30 September 2022</b>	<b>92,853</b>	<b>103,502</b>	<b>92,853</b>	<b>103,502</b>

The expendable endowment fund was originally created by a gift from Viscount Nuffield in June 1940 to The Nuffield 1940 Trust.

## 20. Analysis of net assets between funds

	Tangible fixed assets £'000	Investments £'000	Other net assets £'000	Total £'000
Expendable endowment fund	1,747	88,926	2,180	92,853
Designated fund	–	–	–	–
<b>Total funds</b>	<b>1,747</b>	<b>88,926</b>	<b>2,180</b>	<b>92,853</b>

\* Comparative table shown in note 28(a)

## 21. Summarised results for the Trust

Of the group deficit for the year of -£10,649,000 (2021: surplus of £8,326,000), the income and expenditure relating to the Trust is as follows:

	2022 £'000	2021 £'000
Total income	4,087	3,622
Total expenditure	(4,908)	(4,501)
<b>Net expenditure before other gains</b>	<b>(821)</b>	<b>(879)</b>
Realised and unrealised gains on investment assets	(9,828)	9,205
<b>Net movement in funds</b>	<b>(10,649)</b>	<b>8,326</b>

## 22. Summarised results for subsidiary entity

Of the group deficit for the year of -£10,649,000 (2021: surplus of £8,326,000), the income and expenditure relating to the Charity's wholly-owned subsidiary entity, Nuffield Trading Limited, is as follows:

	2022 £'000	2021 £'000
Total income	–	–
Total expenditure	–	–
<b>Net income before other gains</b>	<b>–</b>	<b>–</b>
Qualifying distribution under deed of covenant to parent	–	–
<b>Retained funds</b>	<b>–</b>	<b>–</b>
Net movement in funds	–	–
<b>Net assets</b>	<b>–</b>	<b>–</b>

## 23. Staff pensions

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

### USS Pension Scheme

The USS is a funded multi-employer scheme. Following the departure of the Nuffield Trust's last remaining employee in the USS pension scheme in May 2015, an employer S.75 debt liability was triggered and became due in May 2016. During our work to quantify this liability it was identified that the Trust had two separate liabilities to the USS pension scheme. The first liability being the S75 liability related to former employees and the second arising as guarantor under an 'Approved Withdrawal Agreement' which the Trust entered into in October 2007.

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

The 'Approved Withdrawal Agreement' has clearly defined 'trigger events', which, following legal advice, the Trust does not envisage occurring in the foreseeable future. Any liability will be calculated as at the date of the 'triggering event'. As such there is insufficient probability, as to both the timing

and amount, of any liability due to USS to enable us to make a provision for this. In accordance with chapter 21 of Financial Reporting Standard 102, this potential liability is therefore disclosed as a contingent liability in note 26.

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

During October 2020, The Pensions Regulator became involved in this matter, having been contacted by USS Pensions requesting that they issue a payment notice in respect of the Approved Withdrawal Agreement. The Trust co-operated fully with the Regulator. During the financial year, the Regulator have confirmed they have no intention to issue a payment notice at this time, acknowledging and supporting the approach taken in assuring USS of our capacity to pay the liability should it become due.

The Trust's will continue to communicate with USS on this matter.

### Nuffield Group Personal Pension Plan

The Trust established the Nuffield Group Personal Pension Plan (NGPPP) on 1 April 2009. This is a defined contribution pension scheme, previously administered by Legal & General (until February 2021), now administered by Royal London (since March 2021).

Employees are required to contribute a minimum of 4% of salary and the Trust contributes 14%. All staff, by headcount 46 (2021: 48) employees are members of the scheme.

The total pension charge for the period for all schemes was £363,000 (2021: £351,000).

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

### Consolidated

	2022 £'000	2021 £'000
Net Income	(10,649)	8,326
Losses/(gains) on investments	9,828	(9,205)
Depreciation of tangible fixed assets	86	76
(Increase)/Decrease in debtors	(117)	105
Increase/(Decrease) in creditors	130	(67)
Investment income	(2,638)	(2,595)
<b>Cash used in operating activities</b>	<b>(3,360)</b>	<b>(3,359)</b>

## 25. Commitments under operating leases

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

	2022 £'000	2021 £'000
Not later than 1 year	36	36
Later than 1 year and not later than 5 years	144	144
Later than 5 years	2,022	2,058
<b>Total</b>	<b>2,202</b>	<b>2,238</b>

## 26. Contingent liability

As detailed in note 23, the Trust has a liability as guarantor to the Universities Superannuation Scheme (USS) under the 'Approved Withdrawal Agreement' dated October 2007. Following legal advice and despite recent events disclosed in note 23, the Trust maintains that there is insufficient probability as to both the amount and timing, which is calculated at the date of the 'triggering event', to enable the Trust to make a provision for any liability due to the USS pension scheme. The value of the liability is calculated at the point that it is triggered, therefore it is not practical to estimate the financial effect of this contingent item.

## 27. Related party transactions

The Trust owns the whole of the issued capital amounting to £1 (one ordinary share of £1 each) of Nuffield Trading Limited, a company registered in England and Wales with number 06898100. In accordance with SORP (FRS102), the Trust's transactions with Nuffield Trading Limited are set out below.

	2022 £'000	2021 £'000
Sales	-	-
<b>Amounts due from Nuffield Trading Limited</b>	-	-

There were no other related party transactions during the year.



## 28. Comparative Statements

### 28a. Comparative Analysis of net assets between funds (2021)

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

## 28b. Consolidated statement of financial activities (2021)

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

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

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