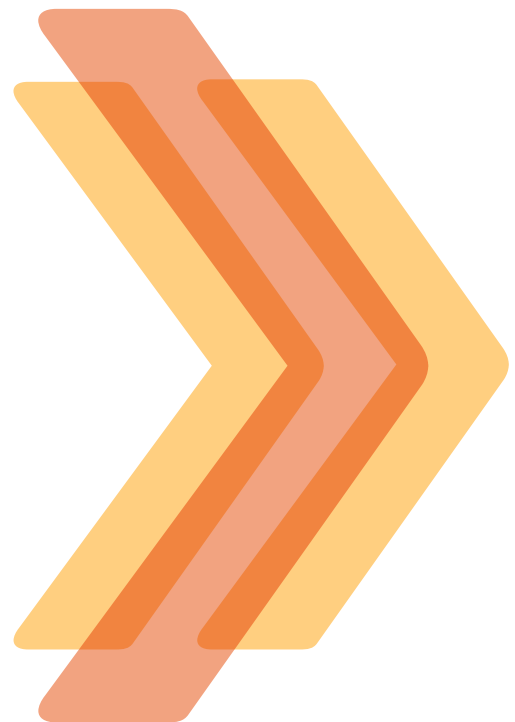


# **Trustees' annual report and accounts**

**For the year ended  
31 December 2022**



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# Message from the Chair and the Chief Executive



2022 has been a tough year for those that rely on health and care and also for those that work in it. Though the successive waves of the Omicron variants of Covid-19 have not been on the scale of 2020 and 2021, they have remained disruptive. Added to this, the realisation of the fragility of the NHS and its partners has only grown during the year and

industrial action (both inside and outside the NHS) has added to the sense of crisis. It came as little surprise that winter 2022–23 was exceptionally difficult.

Against this backdrop The King's Fund has continued to make progress across its key priorities but also produced work designed to directly tackle the crisis. Under the Healthier places and communities programme, we have continued to work with integrated care systems and published on **the early days of the new statutory structures** brought in by the 2022 Health and Care Act. Given the complexity of the new structures and arrangements we have also produced a suite of publications designed to help people navigate the new health and care world, including a wholly **new animation describing the reformed system**. As part of this priority, we have also continued to support those looking to work with local people to empower their communities. For another of our priorities, Tackling the worst health outcomes, we updated our **explainer content on health inequalities** (the most popular content on our website) and shared major new research on **partnership working between disabled people and people working in health and care**. Under our Supporting people and leaders priority, we launched our second self-directed learning programme on **leading for staff health and wellbeing** as well as working with local stakeholders and continuing our successful open programmes. We also published **our first output from Healthy Communities Together**, our multi-year partnership with The National Lottery Community Fund.

The first part of 2022 also involved work to support the passage of the Health and Care Act. This included extensive briefings, roundtables and work with partners such as NHS Confederation and NHS Providers. As part of our Foundations of health and care programme of work, we undertook specific work to support those working to address the current crisis in the health and care sector, including a report on **strategies to reduce elective waiting times**. In partnership with the Nuffield Trust, we published the results of **the British Social Attitudes survey on public satisfaction with the NHS**, which acted as a major wake-up call as to the depth of the current difficulties.

2022 saw us make much more intensive use of the venue, despite disruption, particularly from industrial action on public transport. We also limited the use of the venue and postponed conferences during the mourning period for Her Majesty Queen Elizabeth II. However, despite these shocks – and strongly supported by another year of very strong performance from the Leadership and Organisational Development team – the Fund did extremely well on income and managed its costs. This has enabled us to draw a firm line under the financial turbulence of 2020 and 2021 when finances were affected by Covid-19. 2022 was also a year of delivery on our diversity and inclusion agenda, including delivering anti-racism training for all staff and our first ever appearance in London Pride. Finally, we also marked a series of anniversaries this year: 25 years of the GSK IMPACT awards, 40 years of our Top Manager Programme, and 125 years of the Fund itself. All were marked by their own events.

We have a busy 2023 ahead of us, with plans to make progress on all our strategic priorities as well as to ensure we make a major contribution to tackling the current crisis in health and care. There will also be significant internal changes, as we develop a new website and begin refurbishing our Cavendish Square offices. As the current Chief Executive will retire later in 2023, Trustees will also be recruiting a successor.

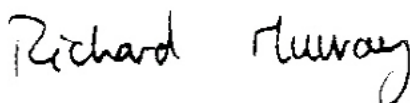
A rigorous recruitment exercise during 2021 saw the appointment of five new Trustees; four were appointed at the end of 2021 and the fifth, Professor Kamila Hawthorne, took up her position in February 2022. During 2022, the Nominations Committee met to review the reappointment of Trustees coming to the end of their terms. Lord Kakkar was reappointed for a second three-year term as Chair from January 2023. Trustees approved the reappointment of Dominic Dodd (who chairs the Audit and Risk Committee) for a third and final three-year term from December 2022; Dr Jane Collins for a third term of two years from February 2023; Rt Hon Jacqui Smith for a third term of two years from February 2023; Professor Mark Britnell for a second three-year term from April 2023; and Professor Carolyn Wilkins for a second three-year term from April 2023.

Dame Ruth Carnall came to the end of her third and final term in April 2023, and Trustees are very grateful to her for serving as a Trustee for nine years, eight of them as Vice Chair. At a meeting held in March 2023, the Nominations Committee recommended the appointment of Dominic Dodd to take over as Vice Chair in April 2023, which Trustees approved.

We are also indebted to our non-trustee Committee members who serve on the Investment, and Facilities and Estates Committees. John McLaughlin, Ted Holmes, Anna Rule and Andy Doyle bring valuable expertise that has helped the Fund navigate a challenging external environment during the year. In March 2023, Sarah Fromson was appointed to the Investment Committee and brings an impressive amount of specialist strategic investment experience.



Lord Kakkar  
Chair



Richard Murray  
Chief Executive

# Our year in numbers



## Research and analysis: ideas and evidence

26

Publications

78

Blogs

11

Podcast episodes

## Research and analysis: independent challenge

11,620

Mentions in  
online media

703

Pieces of coverage  
in national, broadcast  
and trade media

55

Parliamentary  
mentions

## Bringing people together

35

Conferences  
and events

15,000

Event delegates

17

Corporate partners  
and supporters

## Developing individuals, teams and organisations

50

Commissions  
to support  
organisations

520

Participants in  
open programmes

10,000

Learners using  
our online courses

## Promoting understanding

110,800

Views of  
'How does the NHS  
in England work?'

2,328,000

Website users

163,000

Twitter followers

# Objectives and activities

## Our charitable objects, vision and values

The **objects** of The King's Fund as set out in our Royal Charter are the promotion of health and the alleviation of sickness for the benefit of the public, by working with and for health care organisations, provided that such work will confer benefit, whether directly or indirectly, upon health care in London. Health care organisations means all those organisations involved in the commissioning, monitoring or supply and provision of health care.

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

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



Our values underpin the work we do.

**We are committed to our purpose and independence**



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

**We act with integrity**



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

**We are collaborative and inclusive**



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

**We are positive and engaged**



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

**We strive for excellence**



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

## Our 2020-24 strategic priorities

Our work spans the breadth of health and care policy and practice, giving us a unique understanding of the strategic context for health and care now and in the future. Within this, we focus our resources where we believe we can maximise our impact. Our current strategy identifies three strategic priorities that form the basis for our work programmes:

- Healthy places and communities
- Tackling the worst health outcomes
- Supporting people and leaders.

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



## Our impact

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

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

In the next section, we outline our achievements during 2022 and how we have used these levers to deliver impact through our work.

# Achievements and performance

2022 has been a year of significant change and uncertainty in the external environment, both politically and economically. As health and care services started to exit the most acute period of the Covid-19 pandemic, the performance of the sector has rarely been out of the spotlight, with challenges in urgent and emergency care, primary care, social care, mental health and elective (planned) care.

Despite the challenges in the sector and more widely, The King's Fund has continued to develop and have impact over the past year. The new digital learning offer on leading for staff health and wellbeing has been well received, our conferences and events continued to receive excellent feedback, and we engaged extensively with the Department of Health and Social Care, and with Parliament on influencing the content of the Health and Care Act 2022. 2022 was also a year of significant anniversaries at the Fund, marking 25 years of our GSK IMPACT awards, 40 years of the Top Manager Programme and 125 years of the Fund itself. We hosted Open Wounds in our building, an exhibition by Tottenham Rights on the links between slavery, institutional racism and health.

## Healthier places and communities

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

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

## Key objectives

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

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

A priority for the Healthier places and communities programme in 2022 was to influence the development of integrated care systems (ICSs) and other forms of partnership-working in health and care. Our work on this included:

- direct support to leaders in ICSs, place-based partnerships and primary care networks
- a research report examining **The first days of statutory integrated care systems**
- contributing to inquiries on ICSs held by the House of Commons Health and Social Care Committee and the Public Accounts Committee
- two virtual conferences on integrated care and ICSs
- sense-making content on the Fund's website explaining the role of **integrated care systems, place-based partnerships** and **provider collaboratives**
- advisory work for NHS England on the role of social care providers in ICSs.

One of the key objectives of the Healthier places and communities programme is to support health and care organisations to work with local people in ways that empower communities – and to act on the insights they have to offer. In 2022 our work on this included:

- research examining how NHS trusts can take a **strategic approach to working with local volunteers** in a way that maximises the added value to patients
- content to make sense of **how the health and care system hears from people and communities**
- a virtual conference on **community-centred approaches to health and wellbeing**.

Our work aims to support health and care organisations to understand how they can have a positive impact on population health. Our work on this in 2022 included:

- practical support for local leaders clarifying how the role of ICSs in population health can reinforce and add value to the work of local authority public health teams, and vice versa
- virtual conferences on **population health** and **homes and health**
- content explaining **What is a population health approach?**

### **Tackling the worst health outcomes**

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

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

## Key objectives

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

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

During 2022, we strengthened our role as a 'go to' source of information on health inequalities through our key data analyses and sensemaking. Our updated **health inequalities explainer** was the most viewed page on our website in 2022, and 'health inequalities' was consistently among the five most searched terms on our website.

In 2022 we made good progress in taking forward the recommendations of the 2021 review of the Tackling the worst outcomes programme. In March we published **Equity and endurance**, which shared lessons from previous initiatives to tackle health inequalities. We also began some work on the population groups identified following the review, including **key research** on partnership working between disabled people and people working in the health and care system. Our **Time for action on poverty** conference in December, which links well with our 'left behind neighbourhoods' group, recorded the highest 'net promoter score' (the gold standard measure of customer experience) of any The King's Fund event over the past year.

We continued our work with systems and organisations locally to support their efforts to tackle the worst health outcomes. Examples include work with One Bromley, supporting 14 organisations to develop their skills and approach to improving the health and wellbeing of their population, and work with NHS Midlands and 11 ICSs to develop an approach to tackling health inequalities across the East and West Midlands.

In 2022, **Healthy Communities Together**, our partnership with The National Lottery Community Fund entered its second phase. The programme supports partnership working in local areas between the VCS, the NHS and local authorities, and phase two is focused on implementing five partnerships' plans for improving health and wellbeing, reducing inequalities and empowering communities. As well as bringing the sites together to share learning, we have begun sharing lessons from the programme more widely, including with the publication of **A reflective learning framework for partnering** in June.

## Supporting people and leaders

The workforce crisis in health and care poses the single greatest risk to access to and quality of care. The aim of this strategic priority is to create a healthier, more inclusive and effective workforce. Addressing staff shortages will require a transformation in the way care is delivered and the development of new roles and capabilities. It will also mean making health and care organisations better places to work, creating supportive, compassionate and inclusive cultures, and addressing the unacceptable levels of stress, bullying and discrimination that currently exist. We will work alongside health and care leaders to ensure there are enough people with the right skills to deliver high-quality, person-centred care, now and in the future.

### Key objectives

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

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

In 2022, the focus on the needs of the workforce across health and care intensified. Staff retention and wellbeing remain top priorities for leaders in the health and social care system.

We continued to deliver much needed leadership and organisational development support to people and leaders, including in the VCS. Through our range of open programmes, client commissions and grant programmes, our skilled team continued to adapt support offers, providing psychologically safe spaces for leaders to meet and discuss the complex challenges and pressures they are experiencing.



We celebrated three major milestones in 2022: the 25th anniversary of the GSK IMPACT awards, the 40th anniversary for our **Top Manager Programme** (TMP), which develops senior system leaders, and the redesign of our flagship women's leadership programme, **Circles**, previously known as Athena.

We used the TMP 40th celebrations, with many of the extensive alumni, to launch the Open Wounds exhibition focusing on inclusion and anti-racism. The exhibition was developed and curated in partnership with Tottenham Rights, a community-led initiative that continues to address issues around social justice and accountability.

We continued to increase our reach to learners at different points in their careers through the launch of our second self-directed learning programme, **Leading well for staff health and wellbeing in the NHS** in October. By the end of 2022, we had reached more than 12,500 learners through our digital learning offers.

On national work, we continued to influence workforce and leadership policy and delivery through a series of professional networks, commissioned work, events and written outputs, including publishing a new **explainer on compassionate leadership**. We continued to collaborate with partners, including the Health Improvement Alliance Europe and the Five Nations networks. In partnership with Imperial Healthcare NHS Trust, we co-hosted a monthly conversation on kindness in health care with expert international health and care contributors.

## **Foundations of health and care**

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

Our areas of focus include shaping and influencing the external debate on access to services; legislative reform of health and care; the funding envelope for the health and care system; and social care funding reform. We have maintained our high profile on these issues in 2022 through our responsive analysis, proactive reports and sense-making content that helps our audiences understand the complexities of the health and care system.

## Key objectives

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

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

2022 was a year of great volatility and uncertainty for the economy, the government, and the health and care system. In that context, The King's Fund played an important role in helping people make sense of rapid changes to the health and care system, and we led debate on the threats and opportunities to the core building blocks that make for good health and care.

In the early part of the year, we worked to influence the shape of the Health and Care Act, which passed in to law in April 2022. The legislation created a new architecture for the health and care system and The King's Fund provided strategic advice to ministers, national bodies and other stakeholders on the implications of the reforms. We also worked closely with parliamentarians to enhance measures in the Health and Care Bill to support better workforce planning, accountability and governance, and a greater focus on health inequalities, securing several amendments to the legislation. Once the Bill passed into law, we began publishing content to support the sector to **understand the changes**, including an extremely popular new **animation explaining how the NHS in England works**, which within six months of publication had amassed more than 100,000 views.

Throughout 2022, health and care services struggled to meet demand and many patients struggled to access the care they needed, leading to heightened debate about the future of the NHS. In March, The King's Fund, jointly with the Nuffield Trust, brought clarity and evidence to the debate through our **analysis of the British Social Attitudes survey**. The results showed that, while satisfaction with the NHS had dropped to its lowest level in 25 years, public faith in the founding principles

of the health service remained strong. Throughout the year we continued to produce evidence and analysis to inform the increasingly heated debates about the future of health and care services, including through our well-received **assessment of common myths about health and care in England**.

Throughout 2022, we updated our popular explainer content on how the health and care system is organised; ran updated versions of our highly successful **Health and care explained** virtual conference and **The NHS explained** online course; and published our Social care 360 report on the key trends in the adult social care sector in England.

We ended 2022 with publication of a major new **report assessing strategies to reduce waiting times for elective care**. The agenda-setting research looked at past efforts to bring elective care backlogs under control and had impact at the highest level, with both the government and opposition citing the work at several sessions of Prime Ministers Questions towards the end of the year.

### **Internal change**

2022 was the third year of our five-year strategy and of working through programme groups, which were set up to support the input of diverse views and insight to increase impact. We carried out a review of programme working to feed into our developing approach to understand the Fund's impact. We continued to test and adopt new hybrid ways of working and will look to develop a digital vision around skills, tools and ways of working for the future. Diversity and inclusion continued to be a key focus during 2022 and the progress in this area is outlined below (see page 23).

# Plans for 2023

The NHS, social care and public health are under extreme pressure, with performance against all the key measures far below expected standards. 2022 ended with the toughest winter in the health and care system's history, with workforce shortages and performance challenges combining with a cost-of-living crisis driving increased demand for health and care services. 2023 will continue to be a challenging year for the health and care system and those working in it, as they look to support people using and accessing health and social care services.

This is combined with an unstable broader environment on politics, the economy and public spending. There are some significant milestones in the year ahead, with the 75th anniversaries of the creation of the NHS, the founding of the modern system of social care, and the arrival of Caribbean migrants aboard the Empire Windrush. In the political space, attention will turn more firmly to the development of party manifestos, creating a key opportunity to influence.

The external environment is significantly different to that we would have predicted when we wrote our strategy in 2019. But our priorities remain relevant and important for the system in this new context. Our approach for 2023 is to balance making progress with our longer-term strategic aims, adding value to a system under pressure, while meeting our income requirements and retaining flexibility to respond to a volatile and uncertain external environment.

Internally, we will continue to focus on strengthening our commitment to becoming a more diverse and inclusive organisation, adapting our ways of working in the post-pandemic context and accelerating our use of digital technology.

In this section, we describe what our programmes aim to achieve in 2023.

## Healthier places and communities

The purpose of our work on healthier places and communities is to support effective collaborative working in local places and systems that leads to improved health and wellbeing. 2023 presents both opportunities and challenges for our work in this area. There are significant opportunities created by the introduction of statutory ICSs and other policy interventions that seek to reinforce partnership working across the health and care system. However, the wider economic and political context risks undermining the positive benefit that these reforms could deliver.

A key focus for our work in 2023 is therefore supporting successful implementation of the integration reforms, in particular by ensuring ICSs are implemented in a way that lives up to the original vision. We will work to ensure that ICSs function as effective partnerships that harness the full set of resources available across the NHS, local government and other partners, with the goal of improving population health.

In the context of the deteriorating economic outlook, a further focus in 2023 will be championing the vital partnership between the statutory sector and VCS organisations in supporting communities during the cost-of-living crisis and working in partnership to reduce the impacts of the crisis on population health.

Specific commitments in 2023 include:

- publishing practical guidance on embedding VCS organisations within ICSs
- research examining how ICSs are tackling some of the major challenges facing the health and care sector
- providing practical support to help system leaders adopt a population health approach, and sharing the lessons learnt from their attempts to do so.

### **Tackling the worst health outcomes**

The aim of this programme is to work with people with lived experience, communities and services to improve health and care for people with the worst health outcomes. Unavoidable, unfair and systematic differences in the health of different groups of people is a longstanding issue and one that has been underlined by the experience during and following the Covid-19 pandemic.

In 2023 the health and care system is facing significant pressures, including a substantial backlog of care and longstanding staff shortages. Within this context, we will work to ensure that tackling the worst health outcomes remains high on ICSs' agendas, using our voice to focus attention on health inequalities and bringing to life the experience of those with the worst health outcomes. We will also support the health and care system in bringing this lived experience to bear on policy and practice.

In 2023 we will support ICSs in their work to tackle the worst health outcomes, including by sharing learning and evidence and providing leadership support to those working in ICSs.

We will continue to implement the recommendations of the review of the Tackling the worst outcomes programme carried out in 2021, signalling our interest in four specific population groups: ethnic minority women; inclusion health groups; disabled people, including people with learning disabilities; and left-behind neighbourhoods.

Specific commitments in 2023 include:

- continuing to support partnerships between the NHS, VCS organisations and local authorities through the Healthy Communities Together programme and sharing learning from this work
- a shared learning programme with seven ICSs exploring practice to implement inclusion health at scale
- research into the approaches NHS organisations are taking to tackle the backlog in an inclusive way and reduce inequalities
- explainer content setting out evidence on the health of ethnic minority women (subject to funding)
- research building on our previous work on NHS admin, with a focus on inequalities and sharing good practice (subject to funding).

## Supporting people and leaders

The aim of this programme is to create a healthier, more inclusive and effective health and care workforce. The workforce crisis poses the single greatest risk to access to and quality of care. According to the House of Commons Health and Social Care Committee in its July 2022 report, 'The National Health Service and the [adult] social care sector are facing the greatest workforce crisis in their history.' The crisis has been compounded by the Covid-19 pandemic which has exacerbated long-term issues such as staff shortages, chronic excessive workloads, burnout and inequalities experienced by staff from black and ethnic minority backgrounds.

Leaders and teams at all levels in the health and care system face complex challenges that they must navigate while also tackling the backlog of care, staff retention and health and wellbeing, and the implementation of the changes in the Health and Care Act 2022 that focus on integrating services and greater collaboration.

In 2023, the programme will continue to focus on the current and future workforce challenges. This will include a spotlight on staff retention (in both the NHS and social care) and the evidence for creating workplace cultures that support people's health and wellbeing and address deep-rooted, longstanding inequalities.

Specific commitments for 2023 include:

- continuing, with partners, to advocate for a funded, national workforce plan for the NHS and social care, and the development of supporting workforce policies that are coherent, focused on the right priorities and effective in addressing them
- publishing a series of digital outputs on strategic workforce issues with a focus on retention, offering policy and leadership recommendations including new insights on retaining and attracting young people in the social care workforce.
- partnering with an international health and care system to explore its approach to the developing and retaining its workforce as part of its work on equity
- continuing to raise the profile of our organisational development practice and ensuring our choices on new commissioned work (including the focus on collaborative leadership across systems) supports organisational learning and leads to increased research and thought leadership work
- evolving our online learning offers – to strengthen and advance the work including reaching those working in the VCS, people early in their careers and those who are part of minoritised groups
- developing a series of thought leadership pieces on the human aspects of the changes created using digital technologies in the delivery of services.

## **Foundations of health and care**

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

This foundational knowledge and work continues to be important in the current context. The health and social care system will remain under considerable pressure in 2023, with lengthening waits for care, staffing shortages and financial pressure a likely focus for external commentators and policy-makers. Within this context, our foundational work will take a strategic approach, taking into consideration the need to focus the Fund's limited resources on a defined set of topics selected for our ability to have impact.

Specific commitments in 2023 include:

- continuing our work to help our audiences make sense of the health and care system, including our Health and care explained events, our online The NHS explained course, our analysis of British Social Attitudes survey and our 360 reports on key trends in the health and social care sector
- providing analysis and commentary on key issues facing the sector, including the backlog of care, access to services, including in the run up to the 75th anniversaries of the founding of the NHS, the modern social care system and the arrival of the first Windrush generation
- exploring how the new health and care landscape and ICSs have an impact on the building blocks of the health and care system
- work to inform political party manifesto development ahead of the anticipated 2024 general election, drawing on the influencing aims under each strategic priority.

## Internal change

We have three internal priorities for 2023.

### Reimagining our workplace

In 2023 we will redesign our office space to support our post-pandemic ways of working. This will include moving away from assigned desks; increasing the amount of collaboration space; and providing more flexible spaces for virtual meetings. We will keep improving the tools that allow staff to collaborate including the AV equipment and provide appropriate training and guidance. We will support staff in effective people management and teamworking in remote and hybrid settings.

### Digital transformation

In 2023 we will agree a roadmap for the Fund's digital transformation that sets out a vision for the future. We will continue the innovations we have begun to mainstream online learning offers, and design and deliver a new website. We will deliver continuous improvements to our ways of working, systems and digital tools with a focus on maximising the value of the Fund's information and minimising risk.

### Diversity and inclusion

Our work in this area is highlighted below (see page 23).



# Our commitment to diversity and inclusion

The King's Fund is strongly committed to becoming an organisation where diversity is welcomed, embraced and valued and all people are able to be themselves and thrive. We have a wide-ranging programme of work to support us in becoming a more diverse and inclusive organisation, led by our Head of Diversity and Inclusion and delivered by management and staff across the organisation.

## Measuring progress

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

## Targets

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

- 50/50 gender balance among the Board and committees, senior decision-makers and the General Advisory Council by the end of 2020 and we will continue to monitor this target to ensure it is maintained
- 20 per cent Black and ethnic minority representation across the same groups by 2022
- no all-male committees.

The position at the end of 2022 is below.

	Target (%)	Board and committees (16)	Senior decision-makers (23)	General Advisory Council (23)
Female	50% (by 2020)	50% (8)	70% (16)	52% (12)
Black and ethnic minority	20% (by 2022)	19% (3)	17% (4)	39% (9)

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<sup>1</sup> The senior decision-makers group currently comprises Trustees (12), non-Trustee committee members (4) and 24 senior staff.

The data shows that we met all our 2020 targets for gender diversity. For our 2022 targets, we exceeded our target for ethnic diversity among our General Advisory Council but narrowly missed the targets for our Board and Committees, and the senior decision-makers group. We do not have any all-male committees.

In December 2022, the Board of Trustees agreed to roll forward our targets for gender and black and ethnic minority representation for a further five years to 2027.

## **Our staff**

We collect data from our staff to enable us to track the diversity of the organisation over time. We have not yet updated this for 2022. The staff survey in 2023 will enable us to collect staff data on diversity. The data for 2020 can be found in the [2020 Trustees' annual report](#).

## **External benchmarking**

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

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

### **TIDE**

TIDE assesses organisational performance and progress across multiple categories of diversity including race and disability. In 2022, we completed our second TIDE submission. In 2021, we were assessed at the 'realise' level and scored 43 per cent. In 2022, we have progressed to the 'embed' level and scored 60 per cent, higher than the median score. Overall, in 2022 the Fund was placed 74th out of 155 participating organisations, achieving a Bronze award to mark our progress.

### **WEI**

The WEI measures progress on lesbian, gay, bi and trans inclusion in the workplace. In 2022, we completed our third WEI submission. For the first time ever, we were placed in the Top 100 of employers in the UK. Our ranking of 75th was a significant improvement on the 482nd place we achieved when we first took part in the index. This resulted in us receiving a Gold Employer Award. Again, this indicates we are making good progress.

## Our work programme

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

### Key objectives

We identified four key thematic priorities for diversity and inclusion in 2022:

- promoting representation and diverse voices, including through hosting Open Wounds (an exhibition curated by community group Tottenham Rights on the links between systemic racism and health) in our Cavendish Square building
- embedding allyship, including all staff undergoing anti-racism training
- empowering our team, through formalising our diversity and inclusion policy, and creating guidance to encourage dialogue around unprofessional behaviours
- improving our recruitment practice through a new recruitment handbook and introducing diversity and inclusive specific induction and exit processes.

Our commitment to diversity and inclusion is also reflected in our external work programme. For example, in 2022 we:

- ran the NHS London White Allies Programme as a partnership between The King's Fund and the equality and human rights charity, brap. Commissioned by NHS England, the six-day programme works with senior white leaders to deepen their understanding of racism in health and care and develop an awareness of the anti-racist role white leaders must play in systems change. To date 30 NHS trusts and more than 160 senior leaders have participated
- launched a new leadership programme for women, the Circles programme
- published a research project, with Disability Rights UK, on better partnership working between disabled people and people working in the health and care system
- started research projects, to be published in 2023, on inclusive approaches to tackling the elective backlog, and on overcoming digital inequity and exclusion.

In 2022, the Fund also made a public statement recognising its historical links to slavery and colonialism.

We will continue to work on the same core priorities in 2023, focusing on:

- representation and using our power, including through publishing an action plan in response to our historical links to slavery
- embedding allyship, by giving our team the tools to not only notice microaggressions when they are happening but step up as allies and active bystanders
- empowering our team, by helping managers to tackle unprofessional behaviours including providing clear feedback and resolving issues of inclusion in their teams
- supporting our team by normalising the use of internally trained mediators to facilitate conversations and reduce conflict.

# Financial review

## Review of income and expenditure for the year ended 31 December 2022

Total income increased in the year to £13.3 million (£11.4 million in 2021), of which £6.1 million (£5.8 million in 2021) was generated from charitable activities and £7.2 million (£5.6 million in 2021) was derived from other sources, namely investments, donations and legacies and other trading activities.

Income in 2022 continued to recover from the impact of Covid-19 driven by trading income which increased by £1.7 million to £3.9 million. This was mainly due to conference and catering (running our venue) income increasing to £2.6 million (£1.0 million in 2021), which is above the £2.5 million we generated in 2019 and is expected to grow further in 2023. Investment income also grew by £0.6 million to £3.3 million as there was fuller letting of our investment properties and dividends returned to normal.

Costs increased in 2022 as income increased but remained tightly managed to maintain the withdrawal from the endowment within the agreed budgeted parameters. Total expenditure of the Fund in 2022 was £17.8 million (£15.7 million in 2021).

Expenditure on charitable activities increased slightly to £13.5 million, (£13.0 million in 2021), with increases in research and analysis due to increased income and in developing individuals, teams and organisations as a result of investment in the team. Expenditure on other trading activities increased to £3.0 million (£1.7 million in 2021) as a result of increased activity to generate income.

The average number of staff employed by the Fund during the year was 145, an increase of 4 from 2021. This was primarily due to investing in staffing as the recovery from the pandemic continues. Total staff costs after final salary pension adjustments during the year were £10.3 million, an increase of 2.6 per cent compared with 2021. Further analysis is shown in note 9 to the accounts.

We budget for operating deficits which are set at a level with a view to maintaining the long-term value of the investment capital in real terms. The Fund's operating deficit for the year was £4.5 million, a slight increase from the £4.4 million operating deficit in 2021 as a result of the impacts described above. The withdrawal in 2022 was £0.9 million below our budget because the level of success in the income generation, which was better than budgeted, and delays in some projects (and the associated

expenditure) that will now happen in 2023. Markets were turbulent in 2022 and this drove net losses on investments during the year of £14.2 million, (£18.1 million gain in 2021). However, most of this has been recovered since the end of the year as markets continue to bounce back from the lows of September. Further details on investment performance are set out below.

### **Net assets at 31 December 2022**

The Fund's consolidated net assets at 31 December 2022 were £212.5 million. This represents a decrease of £17.0 million (7.4 per cent) compared with the net assets at 31 December 2021. The decrease is due to the Fund's net loss during 2022 of £18.7 million (comprising the net loss on investments of £14.2 million and the operating deficit of £4.5 million) partially offset by the actuarial gain of £1.7 million on the defined benefit pension scheme, which was capped at £1.7 million due to the uncertainty of whether any gain will be recognisable by the organisation.

Net assets at 31 December 2022 comprise fixed assets of £232.7 million, net current liabilities of £0.1 million and no defined benefit pension scheme liability. Fixed assets comprise tangible fixed assets of £52.5 million and fixed asset investments of £180.2 million including assets held because of the £20 million long-term loan.

During the year, the book value of tangible fixed assets decreased by £0.9 million due to depreciation of £1.0 million exceeding capital expenditure of £0.1 million. The main items of capital spend during the year were to refresh laptops, continue the investment in audio-visual equipment for the venue, and update the CCTV.

The value of fixed asset investments decreased during the year by £16.8 million largely due to the market falls in the year (and the divestment in the year of £2.6 million). The losses were partially recovered by the end of 2022 and have since continued to recover.

### **Loan**

In May 2021 The King's Fund entered into a 30-year loan arrangement with MetLife for £20 million as the interest payable on the loan is most likely to be lower than the investment returns. The interim loan repayments are interest only with the capital amount only being payable on the maturity of the loan in May 2051.

## Investment performance

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

Asset class	Strategic allocation %	Minimum %	Maximum %	Actual allocation 2022 %	Actual allocation 2021 %
Cash	0			2.6	2.6
Government bonds	5			3.2	3.3
Corporate bonds	5			3.5	4.0
<b>Total cash and bonds</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>9.3</b>	<b>9.9</b>
UK equities	30	26	34	27.9	29.0
Overseas equities	30	26	34	33.1	33.5
Emerging market equities	15	12	18	12.0	12.4
Private equity	0	0	5	1.5	1.5
<b>Total equities</b>	<b>75</b>	<b>72</b>	<b>77</b>	<b>74.5</b>	<b>76.4</b>
Property	15	12	18	16.2	13.7
<b>Total alternatives</b>	<b>15</b>	<b>12</b>	<b>18</b>	<b>16.2</b>	<b>13.7</b>
<b>TOTAL</b>	<b>100</b>			<b>100.0</b>	<b>100.0</b>

In December 2022 the Board approved a new strategic asset allocation to further diversify the portfolio and better manage the endowment through the inflationary environment we are now in, which includes investing in private equity and infrastructure. This will be implemented, and therefore reported on, in the 2023 accounts.

The value of the Fund's total investments at 31 December 2022, comprising publicly quoted equity and bonds, private equity and property, was £180.2 million (£197.0 million in 2021), including the investment of the £20 million loan. These investments produced income, net of investment management fees and loan interest, of £2.0 million during the year and this income, together with £2.6 million of investment capital, was withdrawn during the year to cover the Fund's cashflow needs. After allowing for these withdrawals, the investments generated a total loss of £14.2 million (which is below the Fund's long-term objective as set out in the Financial strategy and reserves section below).

## Donations and legacies

The Fund gratefully acknowledges donations and/or legacies received from the following during the past year: Her Majesty Queen Elizabeth II, C Tilby, M Rees, D Emmerson and anonymous donors.

## Financial strategy and reserves

The Fund's financial strategy is guided by its policies on expenditure, reserves and investments. The Fund's policy on expenditure is to ensure that it has sufficient resources to meet its charitable objectives over the medium term. The Fund generates money from a variety of activities that support or are complementary to its core purpose and make best use of its assets. As the money the Fund generates is insufficient to cover its total expenditure, a proportion is drawn from investment capital. In agreeing the level of resources, Trustees are mindful of their responsibility for the stewardship of the Fund's long-term mission. Trustees take a risk-based approach, which aims to balance the Fund's ambition in meeting its charitable objectives; its ability to generate income; and its capacity to spend from investments, now and in the future.

The Fund's total reserves at 31 December 2022 were £212.5 million. As set out in note 19 to the accounts, £138.5 million of this represents the expendable endowment (all of which is included in fixed asset investments), restricted funds have a surplus of £5,000 (a deficit of £13,000 in 2021) and the remaining £74.1 million represents unrestricted funds, £52.5 million of which could only be realised by disposing of fixed assets that are currently used by the Fund in its activities.

The Fund's policy on reserves is based on recognising the long-term nature of its work and the continuing need for financial support. The expendable endowment, restricted funds and the unrestricted reserves are managed as a pooled investment with the intention of providing financial support today and for the foreseeable future. The Trustees consider reserves to be at an appropriate level.

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



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

Between 1 October 2019 (the reference date) and 31 December 2022, after income and capital withdrawals and removing the loan, the value of the Fund's investments is a loss of £30.8 million in real terms (compared to the retail prices index). Our investment strategy allows for periods of short-term losses, such as the market movements in September 2022, to maximise the long-term returns.

# How the Fund is constituted and governed

## Our charitable objects

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

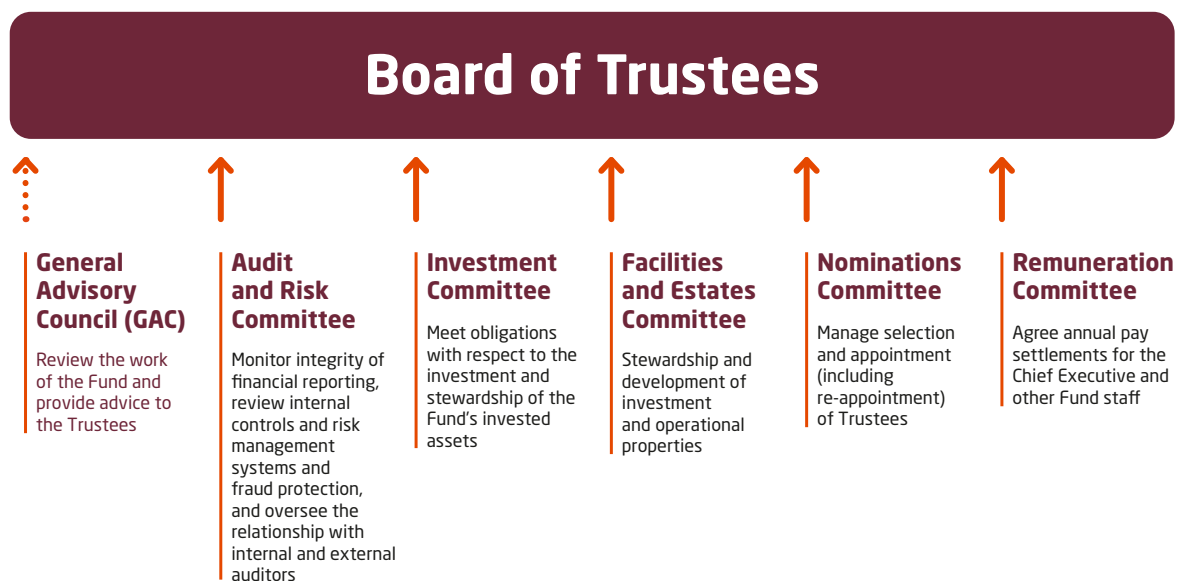
## Working for the public benefit

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

## Governing body and committees

The Board of Trustees agrees the organisation's overall strategic direction, in line with its charitable objectives, and scrutinises management functions delegated to the Senior Management Team. A framework sets out the authority delegated to the Chief Executive by the Board of Trustees. The Board of Trustees meets six times a year. One of the meetings is designated the Annual General Meeting, at which the Trustees' Annual Report and Accounts for the preceding year are considered and approved.

The Board of Trustees also delegates some of its work to sub-committees as outlined below and set out on page 33.



The General Council (known as the General Advisory Council or GAC), established in accordance with the Royal Charter meets twice a year. Members act as a source of intelligence on the key issues and challenges in the health system and use their collective expertise to reflect on the Fund's activities and impact. The members of the GAC are appointed by the President on the recommendation of the Chief Executive for a period of up to three years which can be extended to further three-year terms. Details of the current members of the GAC, and those who served during the year, are set out on page 41.

### Trading subsidiary

KEHF Ltd is a wholly owned trading subsidiary of The King's Fund. The principal activities of the company include those that are not the primary purpose of or within the Fund's charitable objectives, including the letting of conference facilities owned by The King's Fund and related catering services, sponsorship for some of the Fund's events, and income from corporate partners and supporters. 100 per cent of the taxable profits of KEHF Ltd are paid to The King's Fund, under the Gift Aid scheme. A list of directors, who are appointed by The King's Fund, is included on page 44. Details are included on page 69 of the financial statements.

## Recruitment and appointment of Trustees

Trustees are appointed in line with the byelaws set out in the Charter. They serve for an initial term of three years and may be re-appointed for a second term and, exceptionally, a third term. Appointment as a Trustee is open to any suitably qualified member of the public.

Historically, the Nominations Committee met on an *ad hoc* basis when vacancies arose, but it was agreed that from 2022 the Committee would meet annually to review forthcoming exits from the Board, compare this to a skills audit and take decisions on any necessary recruitment.

Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Fund and their responsibilities as a Trustee. They are invited into the Fund to meet colleagues and get to know our work and our building. The Chair of Trustees usually meets with each Trustee annually to review performance in the past year and to discuss the year ahead.

Details of the Fund's current Trustees, and those who served during the year, are set out on page 42.

## Board review/evaluation

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

They use the principles of organisational purpose, leadership, integrity, decision-making, board effectiveness, diversity, openness and accountability as included in the Charity Governance Code to ensure high standards of governance and to support continuous improvement. Trustees agreed that this could not be done effectively while meetings had to be held virtually and so decided to defer the Board effectiveness discussion in 2020 and 2021. The purpose and scope for the review was revised during 2022 and is planned for 2023.

## Organisational structure and how decisions are made

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

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

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

### Senior Management Team

The Senior Management Team (SMT) works within the framework set by the strategic plan and the annual operational plan, which sets out the detailed work programme using a list of strategic priorities as headings. The SMT monitors, reviews and takes action to ensure performance against strategic goals and on risks and issues escalated by the Portfolio Board and the Operations Committee.

Details of the current members of the Senior Management Team, and those who served during the year, are set out on page 44.

### Portfolio Board

Portfolio Board provides strategic oversight of the Fund's three programmes and foundational work:

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

### Operations Committee

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

## Risk management

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

We use a process that categorises and scores each risk by considering its cause, likelihood, impact and mitigation. Based on this we determine whether further action needs to be taken. Risks are grouped according to whether their impact will be on our strategic focus, ability to influence, reputation, internal capability or our financial sustainability as outlined in the figure below.



During the last quarter of 2022, a fundamental review of the Fund's key risks was carried out involving scenario-based discussions around risks and opportunities with directors, senior leaders, and staff across the Fund as well as with Trustees and the General Advisory Council (GAC). Members of the Audit and Risk Committee and the Board of Trustees are satisfied with the procedures that are in place to review the risks, ratings, controls and actions to mitigate the Fund's exposure to risk, as set out in the table below.

Risk area	Management of risk
Strategic focus and prioritisation	<p><b>There is a risk that our strategy lacks focus, is difficult to deliver and fails to have an impact.</b></p> <p>As we implement our strategy for 2020–24 we have sought to maintain the high level of visibility and engagement that staff had during its development. We review our strategic focus through our 'rolling planning' approach to enable a short-term (as well as long-term) view of overall activities and responsiveness to change.</p> <p>Internal governance arrangements are aligned to our strategy. This includes oversight of the portfolio of programmes, performance and impact. We are building our capacity to be responsive through new ways of working established during 2022, to horizon-scan, identify opportunities for sense-making and foundational work and plan over the longer term.</p> <p>We ensure that decision-making around income generation is aligned to our strategic priorities as far as possible.</p>
Ability to influence	<p><b>There is a risk that our external activities fail to influence and prevent us from delivering impact.</b></p> <p>Flexibility is deliberately left in the operational plan each year to allow the Fund to respond to new or additional opportunities.</p> <p>Decision-making about new work ensures that we support the health and care system during the significant challenges faced during the recovery from the pandemic, economic challenges arising from the cost of living and ongoing turbulence.</p> <p>We ensure that we continue to publish an appropriate volume of high-quality policy work, maintain a high media profile and continue to track data about our reach and impact.</p> <p>We ensure we adequately anticipate, plan, and prepare for the future by keeping updated on changing digital models employed by other relevant organisations and competitors, keep abreast of opportunities provided by digital technology that may support improved delivery of our outputs and prepare for a degree of staff change as we evolve and adapt to hybrid working.</p>
Our reputation	<p><b>There is a risk that we lose our reputation for credibility and quality and that our independence, ethics and values are questioned.</b></p> <p>The Fund keeps up to date with all legal and regulatory requirements and recommended practice. We make disclosures about our income sources, decision-making and independence on our website.</p> <p>Policies, agreements and contracts set out the Fund's position, ensure the quality of our outputs, address ethical issues and recognise the origin of funding. All staff and Trustees are encouraged to understand and adhere to the values, ethics and culture of the organisation.</p>

<b>Risk area</b>	<b>Management of risk</b>
Internal capability	<p><b>There is a risk that we are unable to deliver our operational commitment effectively and efficiently and that staff wellbeing and engagement suffers.</b></p> <p>We have worked on developing proactive and transparent internal comms focusing on wellbeing. Specialist support already in place (ie, a staff counsellor and network of mental health first aiders) is highlighted frequently. We ensure leaders and people managers are informed in supporting employee health and wellbeing. We have built capability in specific areas such as our established group of mental health first aiders.</p> <p>We invest in building our internal capabilities through supporting learning and development, as well as valuing and practising openness, collaboration and inclusivity. There is a cross-Fund focus on continuous improvement and the development of effective systems, processes and ways of working.</p> <p>A business continuity plan is in place to ensure that the Fund can continue operating after a major incident or external event, even if the building is inaccessible for a prolonged period. This was updated in 2022 to incorporate the learning following the pandemic. The IT infrastructure is designed to maximise resilience, and policies and processes are in place to ensure appropriate use and security of data.</p>
Financial sustainability	<p><b>There is a risk that our endowment loses value in real terms and that there is a significant short- or medium-term loss of income.</b></p> <p>The Fund's investments are actively managed and reviewed by an Investment Committee, which sets a strategic asset allocation and associated performance benchmark and balances risk against benchmark returns with a diversified portfolio of asset classes. Investment performance is visible to Trustees and the Senior Management Team in the monthly review of finances.</p> <p>Short- and long-term financial plans are maintained, and progress is monitored regularly by the Senior Management Team and Trustees. Oversight of the defined benefit pension scheme is maintained and is considered alongside other financial risks.</p>

## **Risk appetite**

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



## Maintaining our independence

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

### Our funding

Our funding comes from a diverse range of sources, protecting us against dependence on any particular source of income. As a charitable foundation, we have an endowment – funds maintained and invested since we were established in 1897 – which generate an annual income. As set out in our financial strategy, we draw on this each year to provide a consistent stream of funding to support our work. In 2022, the charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

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

On our [website](#) we have further analysis of the income we generate from the variety of activities mentioned in the Financial Review section above.

### How we set policy

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

### Our partnerships

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

## Conflicts of interest policy

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

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

## Remuneration policy

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

The Fund operates an incremental pay scale for most of its staff, underpinned by a factors-based job evaluation system. The scale comprises grades from 1 to 8c, each with a minimum and maximum point and normally five incremental points in between. Salaries are reviewed annually, and the Fund has the option to increase scale points by an agreed percentage. Any such increase takes effect from the following 1 January. The Board of Trustees has delegated responsibility for determining matters of pay and pay-related benefits to its Remuneration Committee.

The Committee meets routinely in the winter to agree the following year's percentage increase and arrangements for executive pay. In agreeing the pay award, the Committee considers indicators in the wider economy; the levels of award that have been made by organisations the Fund compares itself with; and affordability. At the meeting held in October 2022, the Committee was mindful of the cost-of-living crisis caused by levels of inflation unprecedented in recent times and high energy costs. As a result, it recommended an increase of 5 per cent in January 2023 and a non-consolidated lump sum to be paid in December 2022, which Trustees agreed.

# Reference and administrative details

## Registered office

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

## Charity number

1126980

## Company number

RC000826

## Patron

Her Majesty Queen Elizabeth II [until September 2022]

## President

His Royal Highness The former Prince of Wales

## General Council

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

Kay Boycott, Non-Executive Director, Imperial College Healthcare NHS Trust  
[to December 2022]

Professor Yvonne Doyle CB, Regional Director, Public Health England  
[to December 2022]

Hannah Farrar, Chief Executive, Carnall Farrar [to December 2022]

Ceinwen Giles, Director, Shine Cancer Support [to December 2022]

Professor Nick Harding OBE, Chief Medical Officer, Operose Health  
[to December 2022]

Ben Page, Chief Executive, Ipsos [to December 2022]

Martin Reeves, Chief Executive, Coventry City Council [to December 2022]

Professor Kate Arden, Hon Professor Salford University, Visiting Professor,  
Chester University, and independent public health consultant

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

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

Fatima Khan-Shah, Senior Responsible Officer, Carers Worksteam, West Yorkshire and Harrogate Health and Care Partnership

Jonathan McShane, Chair, Terrence Higgins Trust

Hardev Virdee, Group Chief Financial Officer, Barts NHS Trust

Dr Navina Evans, Chief Executive, Health Education England

Lord Victor Adebowale CBE, Chair and Co-founder, Visionable

Sarah Pickup OBE, Deputy Chief Executive, Local Government Association

John James OBE, Chief Executive, Sickle Cell Society

Samira Ben Omar, independent consultant, community collaboration

Jatinder Harchowal MBE, Chief Pharmacist, UCL NHS Foundation Trust

Dr Kamran Abbasi, Editor-in-Chief, *The BMJ*

Dr Nikita Kanani MBE, Medical Director of Primary Care, NHS England

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

Members appointed from 2023:

Karen Bonner, Chief Nurse, Buckinghamshire NHS Trust

Rachel Burnham, Director of Operations, Guy's & St Thomas' NHS Foundation Trust

Jane McGrath, Chief Executive, We Coproduce

Shigufta Khan, Chief Executive, The Wish Centre

Gabrielle Matthews, foundation doctor

Anna Quigley, Research Director, Ipsos

Yasmin Razak, GP partner, North Kensington, and Clinical Director, Neohealth

Dr Justin Varney, Director of Public Health, Birmingham City Council

## **Board of Trustees**

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

Professor Mark Britnell

Alan Brown

Richard Clark

Dame Ruth Carnall DBE [to April 2023]

Dr Jane Collins

Dominic Dodd

Professor Kamila Hawthorne MBE [from February 2022]

Dr Annalisa Jenkins

Rt Hon Professor Lord Kakkar KBE PC [Chair of the Board of Trustees]

Dr Stephanie Kuku

Rt Hon Jacqui Smith

Professor Carolyn Wilkins OBE [from February 2022]

## Sub committees

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

### Investment Committee

Alan Brown  
Richard Clark [Chair of the Committee]  
Sarah Fromson [from March 2023]  
Robert Holmes  
Rt Hon Professor Lord Kakkar KBE PC  
Dr Stephanie Kuku  
John McLaughlin

### Remuneration Committee

Alan Brown  
Dame Ruth Carnall [Chair of the Committee to April 2023]  
Dominic Dodd  
Rt Hon Professor Lord Kakkar KBE PC

### Nominations Committee

Alan Brown  
Dame Ruth Carnall  
Rt Hon Professor Lord Kakkar KBE PC [Chair of the Committee]  
Professor Carolyn Wilkins [from June 2022]

### Audit and Risk Committee

Dr Jane Collins  
Dominic Dodd [Chair of the Committee]  
Professor Kamila Hawthorne MBE [from February 2022]  
Dr Annalisa Jenkins

### Facilities and Estates Committee

Alan Brown  
Richard Clark [Chair of the Committee]  
Andy Doyle  
Rt Hon Professor Lord Kakkar KBE PC  
Anna Rule

### **KEHF Ltd Board of Directors**

Alan Brown [Chair of the Board of Directors from February 2022]

Dominic Dodd

Richard Murray

Anna Rule

Matthew Tolchard

Company secretary – Lucy Johnson-Brown [to February 2023]

Company secretary – Paul Clough [from February 2023]

### **Senior Management Team**

Chief Executive – Richard Murray

Director of Policy – Sally Warren

Director of Finance and Operations – Paul Clough

Director of Leadership and Organisational Development – Suzie Bailey

Director of Communications and Information – Patrick South [to October 2023]

Director of HR – Shirley Collier

### **Key advisers**

#### **Bankers**

National Westminster Bank Plc

250 Regent Street

London W1B 3BN

#### **Solicitors**

Farrer & Co LLP

66 Lincoln's Inn Fields

London WC2A 3LH

Mills and Reeve LLP

24 King William Street

London EC4R 9AT

#### **Actuaries**

Buck Consultants Limited

160 Queen Victoria Street

London EC4V 4AN

#### **Auditor**

Haysmacintyre LLP

10 Queen Street Place

London EC4R 1AG

**Investment adviser**

Stanhope Capital LLP  
35 Portman Square  
London W1H 6LR

**Investment property manager**

Savills plc  
33 Margaret Street  
London W1G 0JD

**Basing Estate monitoring agent**

Bidwells  
25 Old Burlington Street  
London W1S 3AN

# Statement of Trustees' responsibilities

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

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

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Trustees



Lord Kakkar

Chair

7 June 2023





# AUDITOR'S REPORT AND ACCOUNTS

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

## Opinion

We have audited the financial statements of The King's Fund for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2022 and of the group's net movement in funds for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Charities Act 2011.

## Basis for opinion

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

## Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

## Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

## Matters on which we are required to report by exception

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

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

## **Responsibilities of trustees for the financial statements**

As explained more fully in the Trustees' responsibilities statement set out on page 46, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to improper recognition of income and management bias in certain accounting estimates and judgements. Audit procedures performed by the engagement team included:

- discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- reviewing the controls and procedures of the Charity to ensure these were in place throughout the year
- evaluating management's controls designed to prevent and detect irregularities
- reviewing and testing journals entries made in the year, particularly those made as part of the year-end financial reporting process
- challenging assumptions and judgements made by management in their critical accounting estimates and challenge of the underlying assumptions.

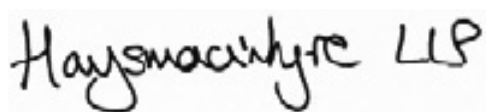
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Signed by:

A handwritten signature in black ink that reads "Haysmacintyre LLP". The signature is written in a cursive, slightly slanted style.

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

21 June 2023

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

# Consolidated statement of financial activities

for the year ended 31 December 2022

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	<b>Total 2022 £000</b>	Total 2021 £000
<b>Income and endowments from:</b>						
Donations and legacies		3	-	-	<b>3</b>	608
Charitable activities						
Research and analysis		804	402	-	<b>1,206</b>	810
Developing individuals, teams and organisations		4,308	70	-	<b>4,378</b>	4,393
Promoting understanding		98	-	-	<b>98</b>	96
Bringing people together		377	25	-	<b>402</b>	498
Total charitable activities	4	5,587	497	-	<b>6,084</b>	5,797
Other trading activities	5	3,936	-	-	<b>3,936</b>	2,226
Investments	6	3,277	-	-	<b>3,277</b>	2,680
Other		-	-	-	-	68
<b>Total</b>		<b>12,803</b>	<b>497</b>	<b>-</b>	<b>13,300</b>	<b>11,379</b>
<b>Expenditure on:</b>						
Charitable activities						
Research and analysis		4,039	395	-	<b>4,434</b>	4,190
Developing individuals, teams and organisations		5,246	63	-	<b>5,309</b>	4,908
Promoting understanding		2,963	-	-	<b>2,963</b>	2,864
Bringing people together		774	30	-	<b>804</b>	1,042
Total charitable activities	4	13,022	488	-	<b>13,510</b>	13,004
Other trading activities	7	3,022	-	-	<b>3,022</b>	1,742
Raising funds costs	8	1,036	-	238	<b>1,274</b>	997
<b>Total</b>		<b>17,080</b>	<b>488</b>	<b>238</b>	<b>17,806</b>	<b>15,743</b>
Operating (deficit) / surplus		(4,277)	9	(238)	<b>(4,506)</b>	(4,364)
Net (loss) / gain on investments		(722)	-	(13,501)	<b>(14,223)</b>	18,116
Net (expenditure)/income		(4,999)	9	(13,739)	<b>(18,729)</b>	13,752
Transfers between funds		(9)	9	-	-	-
Actuarial gain on defined benefit pension scheme	18	1,736	-	-	<b>1,736</b>	9,199
<b>Net movement in funds</b>		<b>(3,272)</b>	<b>18</b>	<b>(13,739)</b>	<b>(16,993)</b>	<b>22,951</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward	19	77,342	(13)	152,197	<b>229,526</b>	206,575
Total funds carried forward	19	74,070	5	138,458	<b>212,533</b>	229,526

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

The notes on pages 57 to 78 form part of these financial statements



# Balance sheets

as at 31 December 2022

	Notes	Consolidated 2022 £000	Consolidated 2021 £000	Charity 2022 £000	Charity 2021 £000
<b>Fixed assets:</b>					
Tangible assets	11	<b>52,508</b>	53,415	<b>52,508</b>	53,415
Intangible assets	12	<b>5</b>	31	<b>5</b>	31
Investments	13	<b>180,159</b>	196,954	<b>180,209</b>	197,004
Total fixed assets		<b>232,672</b>	250,400	<b>232,722</b>	250,450
<b>Current assets:</b>					
Debtors	15	<b>1,820</b>	2,306	<b>1,835</b>	2,080
Cash at bank and in hand		<b>3,353</b>	3,031	<b>2,620</b>	2,601
Total current assets		<b>5,173</b>	5,337	<b>4,455</b>	4,681
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	16	<b>(5,312)</b>	(4,588)	<b>(4,647)</b>	(3,985)
<b>Net current (liabilities)/assets</b>		<b>(139)</b>	749	<b>(192)</b>	696
<b>Total assets less current liabilities</b>		<b>232,533</b>	251,149	<b>232,530</b>	251,146
Creditors: Amounts falling due after more than one year	17	<b>(20,000)</b>	(20,000)	<b>(20,000)</b>	(20,000)
<b>Net assets excluding pension liability</b>		<b>212,533</b>	231,149	<b>212,530</b>	231,146
Defined benefit pension scheme liability	18	-	(1,623)	-	(1,623)
<b>Total net assets</b>		<b>212,533</b>	229,526	<b>212,530</b>	229,523
<b>The funds of the charity:</b>					
Expendable endowment funds		<b>138,458</b>	152,197	<b>138,458</b>	152,197
Restricted funds		<b>5</b>	(13)	<b>5</b>	(13)
Unrestricted funds		<b>74,070</b>	78,965	<b>74,067</b>	78,962
Pension reserve		-	(1,623)	-	(1,623)
<b>Total unrestricted funds</b>	19	<b>74,070</b>	77,342	<b>74,067</b>	77,339
<b>Total charity funds</b>	19	<b>212,533</b>	229,526	<b>212,530</b>	229,523

Approved on behalf of the Board of Trustees and authorised for issue on 7 June 2023.



**Alan Brown**  
Treasurer

The notes on pages 57 to 78 form part of these financial statements.

# Consolidated cashflow statement

as at 31 December 2022

	Notes	2022 £000	2021 £000
<b>Net cash (used in) operating activities</b>	A	<b>(4,124)</b>	(4,887)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		3,277	2,612
Investment management fees		(740)	(663)
Purchase of tangible fixed assets		(129)	(366)
Net purchase/(sale) of investments		2,572	(14,934)
<b>Net cash provided by investing activities</b>		<b>4,980</b>	(13,351)
<b>Cash flows from financing activities:</b>			
Cash inflows from new borrowing		-	20,000
Interest on loan		(534)	(334)
<b>Net cash provided (spent on)/by financing activities</b>		<b>(534)</b>	19,666
<b>Change in cash and cash equivalents in the reporting period</b>	B	<b>322</b>	1,428
<b>A. Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>			
		2022 £000	2021 £000
Net (expenditure)/income for the reporting period		(18,729)	13,752
Adjustments for:			
Investment income		(3,277)	(2,680)
Net loss/(gain) on investments		14,223	(18,116)
Investment management fees		740	663
Interest on the loan		534	334
Depreciation and amortisation charges		1,062	1,038
Other finance cost of the pension scheme		28	140
Current service cost less contributions to the pension scheme		85	190
Decrease/(increase) in debtors		486	(219)
Increase in creditors		724	11
<b>Net cash (used in) operating activities</b>		<b>(4,124)</b>	(4,887)
<b>B. Movement of cash and cash equivalents</b>			
	At 1 January 2022 £000	Movement £000	At 31 December 2022 £000
<b>Cash at bank and in hand</b>	3,031	322	<b>3,353</b>

# Notes to the accounts

for the year ended 31 December 2022

## 1 Charity information

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

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

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

## 2 Accounting policies

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

### **Basis of preparation**

The accounts have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – Second Edition issued October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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

## 2 Accounting policies (continued)

### Basis of preparation (continued)

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

### Going concern

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

### Critical accounting judgements and key sources of estimation uncertainty

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

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

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

- Pension liabilities: the charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 18. Where the scheme is determined to be in a surplus position, a surplus is recognised as an asset only to the extent that this can be recovered in future years through reductions in employer contributions or through a specific refund/reimbursement from the scheme, hence, at the moment, it is not recognised as it is considered that the surplus in the defined benefit pension scheme is not recoverable.

## 2 Accounting policies (continued)

### Critical accounting judgements and key sources of estimation uncertainty (continued)

- Valuation of investment properties: the charity's Basing investment properties are stated at their fair values. These are based on an external valuation as at the 31 December 2020 with a management update as disclosed in note 13. The Deans Mews investment property is based on an external valuation as at September 2022 as disclosed in note 13.
- Private equity investments are valued at the most recent investment manager valuations.
- Income recognition: when accounting for project income in line with the percentage completion basis set out below, the percentage of completion of a project is estimated using the actual costs incurred, including time spent, as a proportion of total planned costs.

### Other accounting policies

#### Donations and legacies

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

#### Grants receivable

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

#### Investment income

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

#### Other income recognition

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

## 2 Accounting policies (continued)

### Other income recognition (continued)

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

### Expenditure

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

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

### Pension costs

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

The assets of the Plan are measured at fair value at the Balance Sheet date. Liabilities are measured on an actuarial basis at the Balance Sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term to the scheme liabilities. Where the scheme is determined to be in a deficit position, this is recognised in full as a liability. Where the scheme is determined to be in a surplus position, a surplus is recognised as an asset only to the extent that this can be recovered in future years through reductions in employer contributions or through a specific refund/reimbursement from the scheme.

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

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

## 2 Accounting policies (continued)

### Intangible assets

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

### Tangible assets

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

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

#### Plant and machinery:

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

#### Furniture, fittings and equipment:

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

Freehold land is not depreciated.

### Financial instruments

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

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

## 2 Accounting policies (continued)

### Foreign currencies

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

### Funds

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

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

*Unrestricted funds:* unrestricted funds include the net book value of the tangible fixed assets, the intangible fixed assets of the charity, investments and net current assets, less the pension reserve. The split between these categories is shown in note 19. The King's Fund has the power to spend its unrestricted funds within its objects as it sees fit.

## 3 Taxation

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



## 4 Income and expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	<b>Total 2022 £000</b>	Total 2021 £000
Commissioned work	804	2,483	19	-	<b>3,306</b>	3,174
Grants	402	70	-	25	<b>497</b>	251
Course places or event tickets	-	1,825	-	377	<b>2,202</b>	2,307
Other	-	-	79	-	<b>79</b>	65
<b>Total income</b>	<b>1,206</b>	<b>4,378</b>	<b>98</b>	<b>402</b>	<b>6,084</b>	<b>5,797</b>
Direct expenditure	2,581	3,569	1,616	467	<b>8,233</b>	7,829
Support departments (4a)	1,853	1,740	1,347	337	<b>5,277</b>	5,175
<b>Total expenditure</b>	<b>4,434</b>	<b>5,309</b>	<b>2,963</b>	<b>804</b>	<b>13,510</b>	<b>13,004</b>

### 4a Support departments

Facilities (1)	590	554	429	107	<b>1,680</b>	1,232
Communications (2)	174	164	127	32	<b>497</b>	510
Other support (3)	1,089	1,022	791	198	<b>3,100</b>	3,433
<b>Total cost of support departments</b>	<b>1,853</b>	<b>1,740</b>	<b>1,347</b>	<b>337</b>	<b>5,277</b>	<b>5,175</b>

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

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

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

The comparatives for 2021 can be seen in note 23.

## 5 Income from other trading activities

	<b>2022 £000</b>	2021 £000
Income from other trading activities comprises:		
External conference and catering services	<b>2,537</b>	971
Income from sponsorship and partnership	<b>774</b>	869
Income from tenants	<b>506</b>	302
Income from non-charitable consultancy	<b>119</b>	84
	<b>3,936</b>	<b>2,226</b>

## 6 Income from investments

	<b>2022</b>	2021
	<b>£000</b>	£000
Income from securities and cash assets:		
Equities	<b>2,258</b>	1,762
Bonds	<b>271</b>	301
Cash	<b>21</b>	1
Investment properties	<b>727</b>	616
	<b><u>3,277</u></b>	<u>2,680</u>

## 7 Expenditure on other trading activities

	<b>2022</b>	2021
	<b>£000</b>	£000
Expenditure on other trading activities comprises:		
External conference and catering services	<b>2,640</b>	1,298
Cost associated with sponsorship and partnerships	<b>269</b>	372
Cost associated with tenants	<b>6</b>	6
Cost associated with non-charitable consultancy	<b>107</b>	66
	<b><u>3,022</u></b>	<u>1,742</u>

## 8 Raising funds costs

	<b>2022</b>	2021
	<b>£000</b>	£000
Expenditure on raising funds costs comprises:		
Fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and properties	<b>360</b>	450
Interest expense on the loan	<b>534</b>	334
Property repairs and maintenance	<b>380</b>	213
	<b><u>1,274</u></b>	<u>997</u>

## 9 Employees

	<b>2022</b>	2021
	<b>£000</b>	£000
Wages and salaries	<b>8,103</b>	7,744
Social security costs (including apprenticeship levy)	<b>988</b>	903
Pension costs (before final salary pension adjustments)	<b>1,146</b>	1,113
Total emoluments before final salary pension adjustments	<b><u>10,237</u></b>	<u>9,760</u>
Final salary pension adjustments	<b>113</b>	331
Total emoluments after final salary pension adjustments	<b><u>10,350</u></b>	<u>10,091</u>

Included in the above pension costs is £272,000 (2021: £348,000) relating to the current employer service costs of the defined benefit pension scheme and £0 relating to settlement agreement payments (2021: £56,000).

## 9 Employees (continued)

Average number of staff:

	<b>2022</b>	2021
Research and analysis	<b>33</b>	31
Developing individuals, teams and organisations	<b>31</b>	29
Promoting understanding	<b>24</b>	25
Bringing people together	<b>6</b>	7
Other trading activities	<b>10</b>	12
Facilities	<b>11</b>	10
Communications	<b>6</b>	4
Other support departments	<b>24</b>	23
Total	<b>145</b>	141

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

	<b>2022</b>	2021
£60,000-£69,999	<b>8</b>	11
£70,000-£79,999	<b>8</b>	8
£80,000-£89,999	<b>8</b>	3
£90,000-£99,999	<b>7</b>	8
£100,000-£109,999	<b>5</b>	3
£110,000-£119,999	<b>1</b>	2
£120,000-£129,999	<b>3</b>	2
£190,000-£199,999	<b>1</b>	1

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for 4 (2021: 4) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for 4 (2021: 4) higher-paid employees. Contributions totalling £450,000 (2021: £410,000) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 31 (2021: 28) higher-paid employees.

The total employee benefits, including employer pension costs, received by the Chief Executive in 2022 were £224,198 (2021: £216,929).

The key management personnel of the charity comprise the Trustees and the Senior Management Team. None of the Trustees have been paid any remuneration or received any other benefits from an employment with the charity or a related entity. Three Trustees were reimbursed for travel expenses incurred totalling £210 (2021: none). The total employee benefits, including employer pension costs and National Insurance, received by the key management personnel in 2022 were £1,071,000 (2021: £1,008,000).

## 10 Governance costs

	<b>2022</b> <b>£000</b>	2021 £000
Auditor's remuneration		
External audit fees (Charity)	<b>25</b>	22
External audit fees (KEHF Limited)	<b>6</b>	5
Meeting costs	-	-
	<b>31</b>	27

Fees totalling £3,400 (2021: £1,200) were payable to the auditors for taxation services, in 2022 required for both the charity and the trading subsidiary.

## 11 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	<b>2022</b> <b>Total</b> <b>assets</b> <b>£000</b>
<b>Cost</b>				
At 1 January	55,350	4,744	3,226	<b>63,320</b>
Additions	-	21	108	<b>129</b>
Disposals	-	-	(114)	<b>(114)</b>
At 31 December	<u>55,350</u>	<u>4,765</u>	<u>3,220</u>	<b>63,335</b>
<b>Depreciation</b>				
At 1 January	3,885	3,700	2,320	<b>9,905</b>
Charge for the year	483	186	367	<b>1,036</b>
Disposals	-	-	(114)	<b>(114)</b>
At 31 December	<u>4,368</u>	<u>3,886</u>	<u>2,573</u>	<b>10,827</b>
<b>Net book value</b>				
<b>At 31 December</b>	<b><u>50,982</u></b>	<b><u>879</u></b>	<b><u>647</u></b>	<b><u>52,508</u></b>
Previous year	<u>51,465</u>	<u>1,044</u>	<u>906</u>	<b><u>53,415</u></b>

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

As at 31 December 2022 The King's Fund had no capital commitments (2021: £0).

## 12 Intangible fixed assets

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Cost</b>		
At 1 January	<b>918</b>	918
Disposals	<b>(26)</b>	-
At 31 December	<b>892</b>	918
<b>Amortisation</b>		
At 1 January	<b>887</b>	845
Charge for the year	<b>26</b>	42
Disposals	<b>(26)</b>	-
At 31 December	<b>887</b>	887
<b>Net Book Value</b>		
<b>31 December</b>	<b>5</b>	31
Previous year	<b>31</b>	73

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

## 13 Fixed asset investments

	<b>2022</b>	2021
	<b>Total</b>	Total
	<b>£000</b>	£000
Securities:		
Equities	<b>131,493</b>	147,417
Index linked bonds	<b>5,703</b>	6,380
Fixed interest bonds	<b>6,444</b>	8,023
Private equity funds	<b>2,672</b>	3,016
Cash and cash equivalents	<b>4,630</b>	5,148
Investment properties	<b>29,217</b>	26,970
<b>Consolidated total</b>	<b>180,159</b>	196,954
Shareholding in subsidiary company	<b>50</b>	50
<b>Charity total</b>	<b>180,209</b>	197,004

### 13 Fixed asset investments (continued)

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

Within the total securities, £143,640,000 is classified as Level 1 as defined by IFRS 7, that is 'the investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date'. The remaining £2,672,000 is classified as Level 3, that is 'the investment is measured using unobservable inputs at the reporting date'. The Level 3 amount comprises two Private Equity Funds of funds. No readily identifiable market price is available for these unquoted funds and therefore they are included at the most recent valuations provided by the manager.

In respect of the above Private Equity funds, the managers have confirmed that all future commitments to both funds have been waived and have therefore deemed the shares to be fully paid. One of the funds will continue to return cash to investors prior to their final closure which subject to shareholder agreement is proposed to be extended by 2 years from 2023 to 2025, the other has now fully closed and is in liquidation with final payments due once this process has been completed.

The Fund has freehold interest in two investment properties. The Old Basing Estate is a mixed agricultural estate extending to approximately 981 acres and has been included at Fair Value of £16,867,000 (2021: £15,570,000) based on a management update to the valuation by Savills as at 31 December 2020. In 2015 the Fund purchased a freehold interest in properties at 7-10 Dean's Mews which adjoin the Fund's offices at 11-13 Cavendish Square. They have been included at a value of £12,350,000 from the valuation by Savills in September 2022 (2021: £11,400,000).

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

	<b>2022</b>	2021
	<b>£000</b>	£000
Opening balance at 1 January	<b>196,954</b>	163,835
Net monies (disinvested)/invested	<b>(2,572)</b>	16,718
(Decrease)/increase on revaluation	<b>(14,223)</b>	16,401
	<b>180,159</b>	196,954
Shareholding in subsidiary company	<b>50</b>	50
Closing balance at 31 December	<b>180,209</b>	197,004

## 14 Subsidiary company

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

The authorised share capital of the company is 50,000 shares of £1 each. The King's Fund owns all of the shares and is therefore the sole member of the company. The company has five directors comprising two The King's Fund trustees, a The King's Fund Facilities and Estates committee member and two The King's Fund employees.

The activities undertaken by the company comprise the letting of conference space within the premises of The King's Fund to third parties, along with the provision of catering and other related services. In addition, KEHF Limited manages sponsorship arrangements including with partners and supporters, and consulting activities that are outside the charitable objects. These activities have increased in 2022 but remain below pre-Covid-19 levels from 2019.

In the year to 31 December 2022, the company had income of £3,496,000 (2021: £1,952,000) and incurred expenditure of £2,909,000 (2021: £1,565,000) thereby generating an operating profit of £587,000 (2021: £387,000). The directors have made donations in the year of £587,000 to The King's Fund through Gift Aid. The resultant accumulated surplus of KEHF Limited at 31 December 2022 is £3,000 (2021: £3,000).

Excluding KEHF Limited's results, the Charity's total income in 2022 was £11,466,000 (2021: £10,313,000) and the Charity's net decrease in funds was £16,993,000 (2021: net increase of £22,875,000).

## 15 Debtors

	<b>Consolidated</b>	Consolidated	<b>Charity</b>	Charity
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>1,063</b>	1,364	<b>819</b>	1,037
Amounts owed by KEHF Limited	-	-	<b>211</b>	141
Prepayments and accrued income	<b>750</b>	935	<b>711</b>	819
Other debtors	<b>7</b>	7	<b>7</b>	7
Donations from KEHF Limited	-	-	<b>87</b>	76
	<b>1,820</b>	2,306	<b>1,835</b>	2,080

**16 Creditors: amounts falling due within one year**

	<b>Consolidated 2022 £000</b>	Consolidated 2021 £000	<b>Charity 2022 £000</b>	Charity 2021 £000
Trade creditors	<b>588</b>	469	<b>463</b>	332
Amounts owed to KEHF Limited	-	-	<b>10</b>	3
Deferred income - see analysis below	<b>3,591</b>	3,010	<b>3,068</b>	2,549
Taxation and social security	<b>401</b>	292	<b>401</b>	292
Other creditors and accruals	<b>732</b>	817	<b>705</b>	809
	<b>5,312</b>	4,588	<b>4,647</b>	3,985
	Balance at 1 January 2022 £000	Released during the year £000	Additional deferrals £000	<b>Balance at 31 December 2022 £000</b>
<b>Deferred income analysis</b>				
Programme fees received in advance	2,549	(2,549)	3,068	<b>3,068</b>
<b>Charity total</b>	2,549	(2,549)	3,068	<b>3,068</b>
Other deferred income including KEHF Limited	461	(461)	523	<b>523</b>
<b>Consolidated total</b>	3,010	(3,010)	3,591	<b>3,591</b>

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

	<b>Consolidated 2022 £000</b>	Consolidated 2021 £000	<b>Charity 2022 £000</b>	Charity 2021 £000
Loan from MetLife falling due in over 5 years	<b>20,000</b>	20,000	<b>20,000</b>	20,000
	<b>20,000</b>	20,000	<b>20,000</b>	20,000

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

	<b>2022 £000</b>	2021 £000
Not later than one year	<b>534</b>	534
Later than one year and not later than five years	<b>2,136</b>	2,136
Later than five years	<b>12,482</b>	13,016
<b>Total</b>	<b>15,152</b>	15,686



## 18 Pension schemes

### *The King's Fund Staff Pension and Life Assurance Plan*

The King's Fund Staff Pension and Life Assurance Plan (the Plan) is a defined benefit scheme. The Plan was open to all employees of The King's Fund who were not members of another scheme until it was closed to new members on 28 February 2008, as at 31 December 2022 there were 14 active members (2021: 14).

	<b>2022</b>	2021
	<b>£000</b>	£000
The amounts recognised in the Balance Sheet are as follows:		
Fair value of plan assets	<b>54,287</b>	65,031
Present value of plan liabilities	<b>(43,662)</b>	(66,654)
<b>Net Plan asset/(liability)</b>	<b>10,625</b>	(1,623)
Amount not recognised as asset due to limit in FRS102 paragraph 28.22	<b>(10,625)</b>	-
<b>Net defined benefit asset/(obligation)</b>	<b>-</b>	(1,623)

The surplus linked to the defined benefit scheme is not considered to be recoverable and therefore has not been recognised in the financial statements in accordance with FRS 102.

	<b>2022</b>	2021
	<b>£000</b>	£000
The movement in defined benefit obligations over the year was as follows:		
Present value of obligations at start of year	<b>66,654</b>	70,473
Current employer service cost	<b>272</b>	348
Employee contributions	<b>74</b>	73
Interest costs	<b>1,214</b>	938
Actuarial (gains)/losses	<b>(22,479)</b>	(3,161)
Benefits paid	<b>(2,073)</b>	(2,017)
<b>Closing value of the plan liability</b>	<b>43,662</b>	66,654

	<b>2022</b>	2021
	<b>£000</b>	£000
The movement in the fair value of assets over the year was as follows:		
Opening fair value of plan assets	<b>65,031</b>	59,982
Return on plan assets in excess of/ (lower than) interest income	<b>(10,118)</b>	6,038
Interest income on planned assets	<b>1,186</b>	798
Employee contributions	<b>74</b>	73
Employer contributions	<b>187</b>	157
Benefits paid	<b>(2,073)</b>	(2,017)
<b>Closing fair value of plan assets</b>	<b>54,287</b>	65,031

The Plan has pension liabilities which are insured with a value of approximately £14,000 (2021: £23,000). The value of these liabilities has been excluded from both the assets and the liabilities since the liability is matched directly by an asset of equal value.

## 18 Pension schemes (continued)

	<b>2022</b>	2021
	<b>£000</b>	£000
Total recognised in the Statement of Financial Activities:		
Current employer service cost	<b>(272)</b>	(348)
Net interest on the net defined benefit obligation	<b>(28)</b>	(140)
Return on Plan assets excluding interest income	<b>(10,118)</b>	6,038
Actuarial gains/(losses) arising from change in assumptions	<b>22,479</b>	3,161
Amount not recognised as asset due to limit in FRS102 paragraph 28.22	<b>(10,625)</b>	-
<b>Total recognised in the Statement of Financial Activities</b>	<b>1,436</b>	8,711
	<b>2022</b>	2021
Proportion of total Plan assets by asset class:		
Equities (including property)	<b>58%</b>	66%
Bonds	<b>32%</b>	26%
Index-linked	<b>10%</b>	8%
Cash and equivalents	<b>0%</b>	0%

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

	<b>2022</b>	2021
	<b>£000</b>	£000
<b>Actual return on Plan assets</b>	<b>(8,932)</b>	6,836
The principal actuarial assumptions used at the balance sheet date:		
Discount rate	<b>4.80%</b>	1.85%
Rate of increase in salaries	<b>2.45%</b>	2.85%
General price inflation	<b>2.45%</b>	2.65%
Rate of increase in pension payments:		
Service before 1 April 2000	<b>4.20%</b>	4.25%
Service after 1 April 2000	<b>3.05%</b>	3.20%
Life expectancy at 65 for		
male aged 65	<b>22.9</b>	22.8
female aged 65	<b>24.8</b>	24.7
male aged 45	<b>24.1</b>	24.1
female aged 45	<b>26.2</b>	26.1

The King's Fund expects contributions of £209,000 to be made to the Plan in the year ending 31 December 2023 (excluding contributions made by employees).

## 18 Pension schemes (continued)

### NHS Pension Scheme

The Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 7 (2021: 8) eligible members of staff as at the 31 December. In 2022 The Fund contributed £71,000 (2021: £92,000) to the scheme. The employer's contribution rate is set by the Government Actuary at 14.4 per cent.

### The King's Fund Group Personal Pension Scheme

The Fund contributes to the Group Personal Pension Scheme, a defined contribution scheme established in 2008, for 116 (2021: 112) members of staff as at 31 December. The Fund contributed £888,000 (2021: £864,000) to the scheme. The employer's contribution rates are double each individual employee's contribution rate within the range from 6 per cent to 12 per cent of pensionable salary.

The pension charges for the period are shown below:

	<b>2022</b>	2021
	<b>£000</b>	£000
The King's Fund Staff Pension and Life Assurance Plan	<b>187</b>	157
NHS Pension Scheme	<b>71</b>	92
The King's Fund Group Personal Pension Scheme	<b>888</b>	864
<b>Total charges</b>	<b>1,146</b>	1,113

## 19 Split of assets between funds

	Expendable endowment	Restricted funds	Unrestricted funds	<b>Total funds 2022</b>	Total funds 2021
	£000	£000	£000	<b>£000</b>	£000
Tangible assets	-	-	52,508	<b>52,508</b>	53,415
Intangible assets	-	-	5	<b>5</b>	31
Investments: Securities	124,379	-	26,563	<b>150,942</b>	169,984
Investments: Property	14,079	-	15,138	<b>29,217</b>	26,970
Net current assets/(liabilities)	-	5	(144)	<b>(139)</b>	749
Long-term liabilities	-	-	(20,000)	<b>(20,000)</b>	(20,000)
Pension fund reserve	-	-	-	-	(1,623)
<b>Total funds</b>	<b>138,458</b>	<b>5</b>	<b>74,070</b>	<b>212,533</b>	229,526

To see the comparatives for 2021 please see note 23a.

## 20 Movements in funds

	At the start of the year £000	Incoming resources and gains £000	Outgoing resources and losses £000	Transfers £000	At the end of the year £000
<b>Restricted funds:</b>					
DHSC with University of York	(7)	402	(395)	-	-
The National Lottery Community Fund (renamed Big Lottery)	(2)	60	(53)	-	5
Other	(4)	35	(40)	9	-
Total restricted funds	<b>(13)</b>	<b>497</b>	<b>(488)</b>	9	<b>5</b>

The contract with the Department of Health and Social Care (DHSC) – run jointly with the University of York – is to provide a fast response research and analytical facility. During 2022 we undertook eight projects, as in 2021. The contract is intended to support up to five projects per year and with these additional projects we have now used up the underspend carried forward from the previous contract. DHSC has agreed additional funding for future years in case this high level of demand continues. Projects in 2022 included a high-profile report on reducing waiting lists and waiting times, and covered topics ranging from end-of-life care to support for unpaid carers and free milk for pre-school children.

In 2018 a new grant of £449,357 was awarded by The National Lottery Community Fund to extend the Cascading Leadership programme. In August 2019, we received a top-up grant of £15,411 from The National Lottery Community Fund, bringing the total budget for this project to £464,768 and in 2021 we received another top-up grant of £29,500 bringing the total of the project to £494,268 and this included an extension of the project to April 2023 recognising the Covid-19 delays. The programme started in 2018 and £494,847 of funding had been received by 31 December 2021, which is the total income for the project. We recognised £60,190 in 2022 leaving £30,408 to be delivered and recognised in 2023.

The other grants were from Healthwatch England (£25,000) and Lloyds Bank Foundation (£10,000).

To see the comparatives for 2021 please see note 23b.

## 21 Related party transactions

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

- In 2022 the Charity charged KEHF Limited management fees totalling £335,000 (2021: £196,000). In 2021 this was calculated as a percentage of external income but was updated in 2022 to being a percentage of staffing costs.
- In 2022 the Charity charged KEHF Limited licence fees totalling £688,000 (2021: £280,000). This is calculated as a percentage of room hire income from external conference and catering services.
- In 2022 KEHF Limited charged the Charity administration fees totalling £52,000 (2021: £18,000). This is calculated as a percentage of internal room hire costs.
- As at the 31 December 2022 KEHF owed the Charity £86,000 of additional Gift Aid (2021: £76,000). For the total Gift Aid payable in the year see note 14 above.

## 22 Lessor operating leases

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

	<b>2022</b>	2021
	<b>£000</b>	£000
Not later than one year	<b>804</b>	815
Later than one year and not later than five years	<b>871</b>	728
Later than five years	-	71
Total	<b><u>1,675</u></b>	<u>1,614</u>

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

## 23 Comparative statements

### 23a Comparative split of assets between funds

	Expendable endowment £000	Restricted funds £000	Unrestricted funds £000	Total funds 2021 £000
Tangible assets	-	-	53,415	<b>53,415</b>
Intangible assets	-	-	31	<b>31</b>
Investments: Securities	138,118	-	31,866	<b>169,984</b>
Investments: Property	14,079	-	12,891	<b>26,970</b>
Net current assets/(liabilities)	-	(13)	762	<b>749</b>
Long-term liabilities	-	-	(20,000)	<b>(20,000)</b>
Pension fund reserve	-	-	(1,623)	<b>(1,623)</b>
<b>Total funds</b>	<b>152,197</b>	<b>(13)</b>	<b>77,342</b>	<b>229,526</b>

### 23b Comparative movements in funds

	At the start of the year £000	Incoming resources and gains £000	Outgoing resources and losses £000	Transfers £000	At the end of the year 2021 £000
<b>Restricted funds:</b>					
DHSC with University of York	(25)	173	(173)	18	<b>(7)</b>
The National Lottery Community Fund (renamed Big Lottery)	-	48	(50)	-	<b>(2)</b>
Government furlough	-	48	(48)	-	-
Other	-	5	(15)	6	<b>(4)</b>
<b>Total restricted funds</b>	<b>(25)</b>	<b>274</b>	<b>(286)</b>	<b>24</b>	<b>(13)</b>

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

In 2018 a new grant of £449,357 was awarded by The National Lottery Community Fund to extend the Cascading Leadership programme. In August 2019, we received a top-up grant of £15,411 from The National Lottery Community Fund, bringing the total budget for this project to £464,768 and in 2021 we received another top-up grant of £29,500 bringing the total of the project to £494,268 and this included an extension of the project to 2022 recognising the Covid-19 delays. The programme started in 2018 and £444,423 of funding had been received by 31 December 2020. In 2021 we received £49,847, bringing the total income to £494,847, of which we have recognised £404,000.

During 2021 the Fund continued to utilise the government furlough scheme to reduce losses in areas where staff who could not undertake their duties as a result of the Covid-19 pandemic.

## 23 Comparative statements (continued)

### 23c Comparative consolidated statement of financial activities

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

## 23 Comparative statements (continued)

### 23d Comparative consolidated statement of financial activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	<b>Total 2021 £000</b>
Commissioned work	629	2,526	19	-	<b>3,174</b>
Grants	181	56	12	2	<b>251</b>
Course places or event tickets	-	1,811	-	496	<b>2,307</b>
Other	-	-	65	-	<b>65</b>
<b>Total income</b>	<b>810</b>	<b>4,393</b>	<b>96</b>	<b>498</b>	<b>5,797</b>
Direct expenditure	2,432	3,264	1,446	687	<b>7,829</b>
Support departments (4a)	1,758	1,644	1,418	355	<b>5,175</b>
<b>Total expenditure</b>	<b>4,190</b>	<b>4,908</b>	<b>2,864</b>	<b>1,042</b>	<b>13,004</b>

### 23e Support departments

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

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

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

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