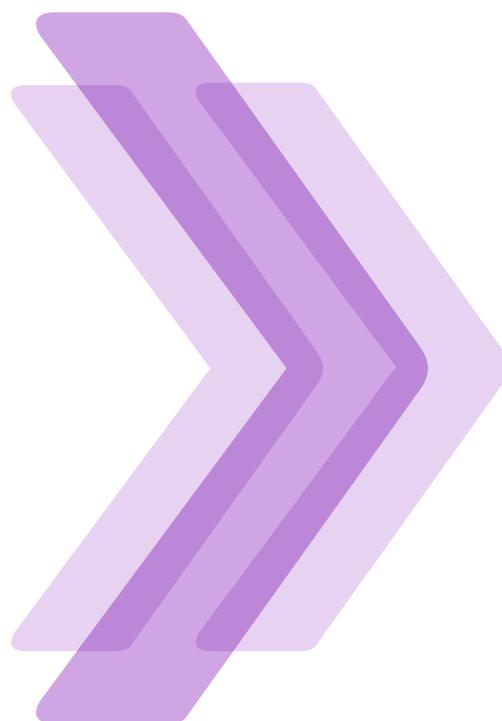


Trustees' annual report and accounts

**For the year ended
31 December 2019**



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Message from the Chief Executive

An important priority in my first year as Chief Executive of The King's Fund was to engage with our staff and stakeholders to develop a **strategy** for the next five years. Building on our reputation for expert analysis and independence, we will concentrate on three areas where we can use our skills and resources to have the greatest impact: healthier places and communities; tackling the worst health outcomes; and supporting people and leaders.

Alongside this, we will continue to help people make sense of the complexity of health and care – providing independent analysis, explaining key issues, responding to the far-reaching impact of Covid-19 and other developments across the sector. There will be changes to how we work too: we'll be more focused on impact and have a renewed emphasis on collaborating with partners, including the voluntary and community sector, local government and people who use health and care services. We'll also focus more on digital technology and will strengthen our **commitment to diversity and inclusion**.

What has particularly struck me in my first year as Chief Executive has been the diversity of the businesses that form our organisation – and the vital contribution each makes towards delivering our strategy. We are a policy think tank but we also offer **leadership and organisational development**, have significant reach and influence through our communications, library services and partnerships, manage a building that's a place for us to bring people together for **events** and meetings, and have a **venue** that hosts conferences for a wide range of clients within health and care and beyond. All these play an important part in the Fund's success and were crucial to helping us deliver against our plans in 2019.

The start of 2019 saw the publication of the **NHS long-term plan**, reinforcing a commitment to integrated care and population health. With the pledge that the whole of England will be covered by integrated care systems (ICSs) by April 2021 and a landmark contract with GPs ushering in new **primary care networks**, we started the year by explaining and making sense of these developments.

These early policy statements were made despite a backdrop of political uncertainty – Brexit, a new prime minister and a December **general election** all contributed to what often felt like a turbulent year, with subsequent delays to some funding and reform announcements. But as we move into 2020, we're seeing a shift: with a five-year day-to-day funding plan already in place for the NHS and more funding being promised to implement commitments set out in the Conservative election manifesto, both NHS capital and workforce budgets are beginning to look more secure.

Even with these new funding commitments, there remain huge pressures. In March 2019, we published a joint **report** with the Nuffield Trust and the Health Foundation setting out a series of policy actions to address the severe workforce shortages that are damaging services and should be at the heart of the forthcoming NHS people plan. Workforce was also centre stage at our ninth annual **leadership and management summit**, which focused on the importance of leadership and culture in addressing workforce challenges. Although the *Interim NHS people plan* was published in 2019, the final plan was delayed to 2020.

Social care reform and funding remain a real cause for concern; despite the Prime Minister's promises to 'fix' social care, 2019 saw little progress. We have sought to keep this issue on the agenda and **highlight where reform is needed**.

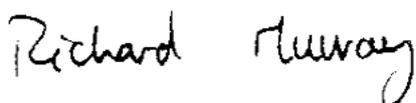
Health and care leaders continue to face unprecedented financial and operational challenges. Our commentary and analysis continued to influence and inform the debate about this, while our **leadership development programmes** and bespoke **organisational development** 'in place' supported leaders, organisations (national and local) and systems to address these challenges.

In December 2019, we said goodbye to Sir Christopher Kelly who had completed a nine-year term of office as Chair of the Fund. Chris made an enormous contribution to the work of the Fund and, for me personally, provided a great mix of challenge and support. In January 2020, we welcomed a new Chair, **Lord Ajay Kakkar**, a leading clinical academic and crossbench member of the House of Lords, who we look forward to working with in 2020 and beyond.

I'd also like to thank Paul Johnson, who stood down after a three-year term as a Trustee in December 2019, and Mary Anne Daly who left the Investment Committee in February. We were pleased to welcome Anna Rule and Andy Doyle to the Facilities and Estates Committee in July 2019. Anna became a Director of KEHF Ltd – a wholly owned trading subsidiary of The King's Fund – in November 2019.

Our work in 2019 marks the end of our 2016–19 strategy. In that time, we have used our expertise and independent voice to influence and explain the health and care system. Our new strategy will build on that and, focused by our strategic priorities, we will continue to influence and support the health and care sector particularly as it recovers from the impact of Covid-19.

We prepared this annual report at a time when Covid-19 had just developed into a global pandemic and it has been updated following advice from the Charities SORP Committee on the implications of Covid-19 control measures and charity financial reporting. The situation is changing rapidly for individuals and organisations but we know that the pandemic will have a significant impact on our future activities and financial position. The Trustees have reviewed the level of reserves and confirm that they remain sufficient despite the falls in the market; given the expendable nature of the endowment the Fund remains a going concern. I, with the senior management team and Trustees, will continue to closely monitor the effects of the pandemic on the value of our investment, our ongoing financial resilience and our strategic priorities.



Richard Murray
Chief Executive

Our year in numbers



Research and analysis

30

Publications

92

Blogs

12

Podcast episodes



Developing individuals, teams and organisations

425

Programme/network participants

99.7%

of programme places filled

87

Organisations worked with



**Promoting
understanding**

3,416,791

Website visits

140,157

Twitter followers

8,412

Online course sign-ups



**Bringing people
together**

52

Conferences and events

25,574

Event delegates

22

Corporate partners and
supporters

Objectives and activities

Our vision and values

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

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

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

- we are committed to our purpose and independence
- we act with integrity
- we are collaborative and inclusive
- we are positive and engaged
- we strive for excellence.

Our 2016-19 strategic goals and priorities

Our 2016–19 strategic plan set out four goals and seven priority areas that we focused on to improve health and care. We identified these by talking to stakeholders, looking at the health and care environment and considering how our skills and knowledge could deliver the most impact.

Steered by the priorities set out in our strategic plan, our 2019 operational plan set out our objectives for the year. The overarching theme of our work programme was sustaining and transforming health and care, against the challenging backdrop of significant financial and service pressures.



How we measure our external impact

At a strategic level, our external strategic priorities included examples of the changes we would like to see, to help build a clear picture of what we are working towards. These are outlined in the 'achievements and performance' section of this report (see p 8 to p 21).

Although it is challenging for an organisation that is not directly involved in delivering health and care or policy-making to measure its impact, we can use several valuable proxies. For example, to establish whether we reach our intended audience we review a wide range of data including: the number of visitors to our website; how widely our materials are downloaded and shared; attendance at events and on leadership programmes; levels of media coverage; and the number of people who subscribe to our regular communications.

Achievements and performance

Our achievements in 2019 against our priorities and goals are described in this section. We outline our plans for 2020 on pages 22 to 24.

Goals **1** and **2**: Health and care systems

To meet changing health needs, health and care systems need to work differently to integrate care and improve population health. Progress is being made through the commitments laid out in *The NHS long-term plan*, and integrated care systems (ICSs) are playing an increasingly important role in planning and managing services. Our work in 2019 focused on supporting the development of ICSs and place-based systems of care. In addition to providing leadership development and support to local leaders, we played a key role in shaping the policy and legislative agenda, highlighted the important role of local government and the voluntary and community sector, and continued to make the case for reforms to primary and community services.

The changes we want to see

- Widespread redesign of services to better join up care (including physical and mental health services) based on the best evidence and examples from the United Kingdom and internationally.
- A shift in debate and policy towards population health.
- Policy and regulatory barriers to more joined-up and effective systems of care to be addressed.
- An increase in the number of leaders with the skills and capability to lead in a collaborative way across systems of care.

Our work in 2019

Planned

Support the development of integrated care systems (ICSs), sustainability and transformation partnerships (STPs) and other place-based systems of care

Highlight the policy changes needed and shape proposals for new legislation to support integration of care

Delivered

We continued to support ICSs as they make the transition from STPs, through a community of practice funded by NHS England. We were commissioned by NHS England to expand this to all STPs and ICSs in England by creating two new communities of practice bringing leaders from STPs together to share knowledge and learning.

We continued to work in many areas across England to facilitate and support the development of local health and care systems. Our **open programmes** and **learning networks** also continued to provide support for leaders as they seek to integrate care and lead across their local systems.

Based on interviews with chairs and leads of both ICSs and STPs, we published a report on the **experience of system leaders**, which was launched at our annual conference in November.

Our **events** brought people together to share learning, for example, at our integrated care conference and conferences on **integration in cancer services** and **dementia care**.

We gave evidence and provided advice to the Health and Social Care Select Committee during its inquiry on NHS England's legislative proposals to support the implementation of the NHS long-term plan.

We worked closely with colleagues at NHS England and other stakeholders to develop proposals for new legislation.

Our research and analysis has continued to shape discussions about how to deliver integrated care – for example, our report on **paying and contracting for integrated care**.

Planned

Shape the debate about reforms to primary care and community services

Delivered

We published a range of **content** – including blogs and an explainer – about primary care networks (PCNs) and worked closely with NHS England as it seeks to develop PCNs. For example, together with the Health Foundation, we brought together the NHS England team and GPs working in deprived areas to help inform national policy.

Using our policy and leadership expertise, we provided local support to developing PCNs across England; this work will continue into 2020.

We have continued to highlight the significant pressures on general practice and the GP workforce. We have also published research and analysis on potential solutions to improving capacity and access. We advised the national review of the GP partnership model and are represented on NHS England's GP Access Taskforce advisory group.

Promote the role of local government and the voluntary and community sector in health and care systems

Our research and analysis highlighted the important role of local government and voluntary and community sector organisations and we made the case for their involvement in ICSs and STPs through our work with national policy-makers and local systems.

In November, we published a **long read** on the role of health and wellbeing boards in ICSs, and discussed the findings with local leaders.

Share international learning by convening policy-makers, leaders and practitioners from different countries

We welcomed visitors from around the world to our events. This included hosting colleagues from New Zealand and the United States who contributed to our support for leaders in ICSs and PCNs: Vince Barry, Chief Executive of Pegasus Health Primary Care Organisation in Canterbury, New Zealand; Martin Hefford, Chief Executive of Tu Ora Compass Primary Care Organisation in Wellington, New Zealand; and Professor Don Berwick, International Visiting Fellow.

Goals **1** and **2**: NHS and social care funding and productivity

Changing health and care needs, rising demand for services and a prolonged funding squeeze have left health and social care services facing unprecedented financial and operational pressures. While the multi-year funding settlement for the NHS is welcome, it is not enough to maintain standards of care and deliver the changes to services that are needed. In 2019, our commentary and analysis led the way in making sense of developments in NHS finance and performance, while we continued to advocate for a long-term solution to social care reform and funding. We also worked in partnership with the Nuffield Trust and the Health Foundation to argue for more investment in budgets not covered by the NHS funding settlement – capital spending, workforce training and public health services.

The changes we want to see

- Political (cross-party) support for a long-term solution to health and social care funding.
- Adequate short- and medium-term funding in place across health and social care to both sustain services and facilitate transformation of care.
- Improvements in productivity at team and service level that draw on the best UK and international evidence of what works.
- Increased clinical engagement and leadership around better care for better value.

Our work in 2019

Planned

Influence the debate on social care funding and reform

Delivered

We have been a prominent advocate for investment and reform in the social care system through the media and in discussions with ministers, parliamentarians and civil servants.

We added to our analysis in 2019 by publishing **Social care 360** – outlining and analysing 20 key trends in adult social care in England – and a **long read** setting out options for reform.

Planned

Analyse and make sense of developments in NHS finance and performance

Highlight the need to increase funding outside the NHS 'ring-fence'

Track public attitudes to health and care and ensure this analysis has an impact on the debate

Delivered

Through our **QMR report**, blogs and data analysis we continued to highlight financial and performance challenges in the NHS.

We worked with the Nuffield Trust and the Health Foundation to highlight the need for additional funding to support those areas of health and care that fall outside the five-year settlement for the NHS – capital investment, workforce training and public health services.

In March 2019, **our report** with the Nuffield Trust on the British Social Attitudes survey highlighted the public's views on the pressures facing the NHS and social care. We also explored public attitudes to NHS funding and taxation by sponsoring questions in the survey, publishing the **results** in June 2019.

Goals **1** and **2**: Communities and population health

A stronger focus is needed on preventing ill health and promoting the health and wellbeing of local populations. Building on our **vision for population health**, our work in 2019 focused on promoting population health approaches and supporting local areas. Our analysis led the way in understanding the recent slowdown in life expectancy improvements and we continued to develop our work on citizen-led and community-based approaches to improving health and wellbeing.

The changes we want to see

Health and care systems at all levels will focus on population health with a core focus of reducing inequalities. This will mean that:

- central government will assess the impact of relevant policies across departments on health and health inequalities and adapt their implementation in response
- local policy and practice will be evidence based and an increasing proportion of resources will be directed towards cost-effective prevention delivered through integrated models of care that include services beyond traditional health and social care
- the contribution that individuals, communities and volunteers make to population health will be fully recognised, supported and, where appropriate, integrated with public services to help deliver health and wellbeing.

Our work in 2019

Planned

Continue to shape the agenda for improving population health

Delivered

Our new **animation** explained what a 'population health' approach is and the role we all play in keeping our communities healthy.

Our **annual conference** focused on delivering population health, while the **big population health conversation** – our first virtual conference – explored how local government, the voluntary sector, the private sector and local communities could come together to improve people's health.

Other events included a **conference** providing practical guidance on how to develop plans for shared population health systems and a **joint event** with Public Health England looking at how housing and the NHS can work together.

Planned

Support local areas developing population health approaches

Delivered

We provided tailored support in areas across England. This included supporting the Greater Manchester Health and Care Partnership to develop its future strategy; providing a health-systems development programme for senior leaders in Oldham; and supporting ICS senior teams to develop their population health strategies in Cheshire and Merseyside; Coventry; and Warwickshire.

We delivered a new programme, **Leadership for population health**, supporting leaders to work strategically with partners from across the health and care system to improve the health of their local populations.

A collection of commissioned essays shared lessons from NHS England's Healthy New Towns programme, alongside co-authored guidance **Putting health into place**.

Inform the debate on the slowdown of improvements in life expectancy

Jointly with the Organisation for Economic Co-operation and Development (OECD), we convened an international workshop in Paris to examine recent trends in cardiovascular diseases mortality, a significant contributor in the slowdown in life expectancy improvements.

We also published an **explainer on life expectancy**, to examine the trends we are seeing.

Promote citizen-led and community-based approaches to health and wellbeing

A **report** and video on the 'Wigan Deal' looked at how Wigan council and its partners have transformed the relationship with their communities and improved population health.

Events in **London** and **Leeds** explored how working more closely with communities improves population health.

Goals **1** and **2**: Culture and leadership

Health and care leaders are facing significant challenges and a period of considerable change. Through our leadership programmes, learning networks and organisational development work, we support local leaders in addressing the challenges they face and develop their leadership capabilities. In 2019, we focused on the workforce shortages facing health and care, working with the Nuffield Trust and the Health Foundation to make a major contribution to the debate ahead of the forthcoming NHS people plan. We continued to promote compassionate, collective and inclusive leadership and increased our support to leaders in the voluntary and community sector.

The changes we want to see

- Increasing numbers of clinical leaders able and supported to take on senior roles.
- Increasing numbers of leaders able to lead across systems of care by understanding and adopting a relational approach to leadership.
- Improvements in organisations' performance and outcomes related to leadership, evidenced by a greater number of organisations scoring highly against the Care Quality Commission 'well-led' framework.
- A strong evidence base for patient leadership and increasing recognition, within the health and care system, of its value.

Our work in 2019

Planned

Shape the debate on addressing the workforce crisis in health and care

Delivered

In a joint **report** with the Nuffield Trust and the Health Foundation, we set out a series of policy actions to address workforce shortages. This had a significant impact on the debate, while behind the scenes, we were, and still are, working closely with national leaders to support the development of the NHS people plan.

Our ninth **annual leadership and management summit** explored the importance of leadership and culture in addressing workforce challenges.

Planned

Promote compassionate, collective and inclusive leadership

Delivered

We continued our work to promote compassionate leadership and were pleased to see this feature as an important theme in the NHS long-term plan.

Our events explored how to support culture change, and included a **joint event** with NHS England and NHS Improvement and an **online event**.

Alongside the Health Foundation, we hosted the IHI Health Improvement Alliance Europe, sharing learning about improvement, culture and leadership with colleagues from 14 European countries.

Support leaders in the voluntary and community sector

The **GSK IMPACT Awards** continued to provide funding and leadership development to charities working to improve health and wellbeing. Ten new organisations joined our **network** of award winners which now includes more than 85 organisations from the voluntary and community sector.

We ran further cohorts of our **Cascading leadership programme**, supporting peer-to-peer leadership development in the voluntary and community sector.

Provide practical leadership and organisational development support to health and care leaders

We continued to offer a range of **programmes** to support leaders, combining our leadership and policy expertise to provide tailored support to all participants. In 2019, 425 people took part in our open programmes and learning networks. We also provided bespoke support for 87 organisations.

Achievements under goal 1 were mainly delivered by teams who work in the 'Research and analysis' category as set out in note 6 to the accounts. Achievements under goal 2 were mainly delivered by teams who work in the 'Developing individuals, teams and organisations' category as identified in the statement of financial activities.

Goal 3: Provide valued information and insight

Helping our audiences to understand the complexity of the health and care system is a key part of our role and our sense-making material – briefings, animations and other digital content – is very popular. In 2019, we published a wide range of explainers and other sense-making material and, in addition to holding a large number of events, extended our reach through our growing number of regional events, online events, our online course and our podcast. The general election was a key focus for our work towards the end of the year, as we sought to encourage an informed debate about health and care during the campaign.

Our ambition for this area of our work

- We want to be the most trusted source of commentary, analysis and explanation on health and social care.
- Politicians, policy-makers and health and social care leaders will actively seek our advice and expertise to inform their work on emerging issues and areas of policy.
- We will improve understanding of the health and care system and how it works – those working to deliver care, including clinicians, health and social care professionals and patient leaders will value and share our sense-making content.
- Our events will be the number one source of policy insight, inspiration and transferable learning for people in the health and care sector.

Our work in 2019

Planned

Make sense of developments in the health and care system

Bring people together to discuss, share and learn through events, networks and digital platforms

Delivered

Our **explainer** on the NHS long-term plan was the most read item on our website in 2019, reflecting the popularity of our sense-making content. Other new sense-making content included long-reads on **GP access** and **life expectancy**. We also updated popular content on topics including **Brexit** and **privatisation**.

A new quarterly email rounds up this content and the number of people who subscribe to this continues to grow.

During 2019, we published a series of short policy statements that set out the **Fund's position** on key issues such as NHS funding, social care funding and public health.

We repeated our popular **health and care explained** conferences, holding five in 2019, including events in Newcastle and Leeds, and an online event.

In 2019, we welcomed 5,913 delegates to 23 conferences. Our **2019 annual conference** on population health attracted more than 450 attendees over two days and we welcomed Professor David Williams of Harvard University as our keynote speaker.

We continued to expand our events outside London, holding five regional events in locations including Leeds, Manchester and Newcastle.

We ran 11 online events, with a total of 19,661 registrations, a significant increase on 2018. We also held our first ever virtual conference – **the big population health conversation**.

Holding events in partnership with others continues to help us reach new audiences. In 2019, this included events on the dementia care pathway with the Alzheimer's Society, and on culture change, with NHS England and NHS Improvement.

Planned

Inform the debate about health and care in the run up to the general election

Extend our reach using innovative ways to present content and engage new audiences

Delivered

We published a wide range of **content** during the election campaign including an **analysis of manifestos**, blogs on key topics (eg, **funding**) and updated **NHS in a nutshell** articles. Our work resulted in the highest number of website sessions we've seen in a single month (November 2019), secured widespread national media coverage, and influenced the policies in the party manifestos.

We continued to grow our podcast audience – average monthly downloads increased by 25 per cent from 2018 (at around 2,500 per episode).

We repeated our **free online course** on how the health system works, enrolling more than 8,000 new learners and bringing our total reach to 19,000.

Achievements under goal 3 were mainly delivered by teams who work in the categories 'Research and analysis', 'Promoting understanding' and 'Bringing people together' as identified in the statement of financial activities.

Goal 4: Become a high-performing organisation

In addition to our external-facing work, we aim to continuously build on and improve the way we work as an organisation – focusing on how efficient and effective we are in using and managing resources, and the culture we create for those who work for us and partner with us.

Our work in 2019

Planned

Supporting our people – attracting the best, developing them to achieve their potential, creating a positive culture and effective leadership

Delivered

Further work to support our understanding of, and commitment to, diversity and inclusion included:

- piloting a diversity mentoring programme
- implementing changes to our recruitment processes to ensure a stronger focus on diversity in senior appointments
- a colleague-led campaign to raise awareness about equality for LGBTQ+ people and a celebration of Pride month and allyship
- understanding and responding to concerns where unprofessional behaviours were seen and felt across the organisation.

We did further work to develop our organisational culture including:

- taking an open and inclusive approach to developing our **2020-24 strategy**, listening to and encouraging input from staff and stakeholders to develop our strategic priorities
- supporting staff to have difficult conversations with colleagues through learning and development opportunities
- a first group of participants completing a new programme to develop leadership capability and capacity in the Fund.

Planned

Achieving high standards of performance, quality and customer service, underpinned by effective systems and processes

Managing our resources effectively and efficiently to build a sustainable future

Delivered

We developed a new information security policy, part of our information governance strategy.

Following a tender process, we appointed Searcys as the new catering provider for our venue, No. 11 Cavendish Square.

We developed and tested our business continuity plans.

As outlined in the financial review, we continued to manage our finances to achieve our charitable objectives and to provide long-term sustainability for the Fund.

We completed the project to develop properties adjacent to the Fund's offices in Cavendish Square into four residential properties. We will hold the properties as long-term investments, primarily to generate an annual income for the Fund.

We invested in our venue through the refurbishment of our Burdett theatre.

Our income from **corporate partners and supporters** once again increased in 2019.

These achievements were mainly delivered by teams who work in the categories 'Other support departments', 'Other trading activities' and 'Facilities' as identified in the statement of financial activities, working with other teams across the Fund.

Plans for 2020

Our 2020-24 strategy

During 2019, we developed our **2020-24 strategy**. Working with our staff and people from across the health and care system, we have chosen three areas of focus for the next five years where we have the greatest opportunity to use our skills and resources to improve health and care.

We will work with people in the health and care system to:

- drive improvements in health and wellbeing across places and communities
- improve health and care for people with the worst health outcomes
- support people and leaders working in health and care.



The health and care system remains complex and in a constant state of evolution. We will continue to make sense of a complex and changing landscape due to the impact of Covid-19 (coronavirus), the ongoing workforce and funding pressures, the continued expansion of integrated care models and work to support culture change. We will also support the system as it recovers from the impact of Covid-19.

In this context, our independence and our ability to understand developments, provide independent analysis, explain key issues and respond to developments, challenges and opportunities across health and care, and to help people navigate the complexity, are more important than ever. We will work to support the development of collective, compassionate and inclusive leadership when those working in the system are saving thousands of lives across our communities affected by Covid-19.

These external challenges mean changes to how we work to support delivery of our new strategic priorities, including developing new programmes, evolving our internal governance and further developing our approach to assessing impact.

Healthier places and communities

We will continue to build on our work to support the integration of services and development of place-based systems of care. This will include ongoing work to support and track the progress made by integrated care systems (ICSs), linking this to our growing work with integrated care partnerships (ICPs). We will also develop our leadership offer for primary care networks (PCNs) and focus on some of the emerging policy issues associated with them. We will build on our vision for population health by continuing to work with local areas as they develop population health-based approaches. Crucially, we will bring our work on integrated care and population health together to support the whole system to improve health and wellbeing in local places and communities.

Tackling the worst health outcomes

Improving health and care for people with the worst health outcomes and experiences of services will be a new focus for our work. In the first half of 2020, we will focus on defining the work programme in this area. We will publish the findings from a small number of high-impact projects (for example, our research on the health and care needs of people who sleep rough), continue to focus on the slowdown in life expectancy and begin to develop our profile in this area, for example, by producing sense-making content, developing a media profile and undertaking small-scale data analysis.

Supporting people and leaders

We will continue to focus on supporting the development of collective, compassionate and inclusive leadership across the health and care system aiding the support and care of teams responding to the impact of Covid-19. We are currently undertaking a number of internal projects that will help us to reposition our leadership offer and strengthen our voice on culture and leadership. In line with our commitments on

diversity and inclusion, developing inclusive leadership and improving the experience of black and minority ethnic staff will be a key focus of this work. As we develop our new work programme for this priority, we will begin to focus on how to make the NHS a better place to work and will develop a new strand of work on staff wellbeing. We will continue to focus on how to address staff shortages and workforce needs.

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. In 2020, we will build on our sense-making offer and revamp the presentation of our explainer content. We will also update our approach to our quarterly monitoring report in line with our new strategic plan and other recent developments. Much of the work under this programme will be generated by external developments: the wide-ranging impact of Covid-19, the early priorities and policies of the new government, work to feed in to a new Spending Review and influence social care reform and, potentially, new NHS legislation.

Financial review

Review of income and expenditure for the year ended 31 December 2019

Total income for the year amounted to £12.0 million (£12.1 million in 2018), of which £5.0 million (£5.0 million in 2018) was generated from charitable activities and £7.0 million (£7.1 million in 2018) was derived from other sources, namely investments, donations and legacies, and other trading activities.

Income from charitable activities remained stable between 2018 and 2019 with growth of income from developing individuals, teams and organisations (partly due to an increase in charitable consultancy) and promoting understanding offsetting the decrease in income from research and analysis. Income from other sources decreased by £0.1 million between 2018 and 2019 with the increased investment income compensating for the decrease in trading income.

Total expenditure of the Fund in 2019 was £16.5 million (£16.8 million in 2018).

Expenditure on charitable activities was £12.8 million (£13.0 million in 2018). Expenditure decreased due to additional final salary pension costs for past service as a result of guaranteed minimum pension (GMP) equalisation being charged in 2018.

Expenditure on other trading activities was £3.1 million (£3.2 million in 2018), in line with the decreased income over the period.

The average number of staff employed by the Fund during the year was 139, an increase of 3 from 2018. Total staff costs before final salary pension adjustments during the year were £9.6 million, an increase of 5 per cent compared with 2018. Further analysis is shown in note 9 to the accounts.

The Fund's operating deficit for the year was £4.4 million, decreased from the £4.7 million operating deficit in 2018 as a result of decreased expenditure. Operating deficits are in line with the financial strategy set out below, ie, they are covered by an amount withdrawn each year from the investment capital. Operational cash requirements were below the budgeted drawdown in 2019, which is set with a view to maintaining the long-term value of the investment capital in real terms.

Net gains on investments during the year were £16.9 million, compared with £9.8 million losses in 2018. Further details on investment performance are set out below.

Net assets at 31 December 2019

The Fund's consolidated net assets at 31 December 2019 were £212.1 million. This represents an increase of £11.4 million (6 per cent) compared with the net assets at 31 December 2018. The increase is due to the Fund's net income during 2019 of £12.5 million (comprising the net gain on investments of £16.9 million less the operating deficit of £4.4 million) and the actuarial loss of £1.1 million on the defined benefit pension scheme.

Net assets at 31 December 2019 comprise fixed assets of £216.2 million, net current assets of £0.0 million and a defined benefit pension scheme liability of £4.1 million. Fixed assets comprise tangible fixed assets of £54.9 million, intangible fixed assets of £0.2 million and fixed asset investments of £161.1 million.

During the year, the book value of tangible fixed assets decreased by £0.5 million due to depreciation of £1.0 million exceeding capital expenditure of £0.5 million. The main items of capital spend during the year were ICT equipment and upgrade to Venue rooms and furniture.

The intangible fixed assets book value decreased by £0.2 million due to depreciation of £0.2 million exceeding capital expenditure of £16,000. During the year the venue trading website was refreshed.

The value of fixed asset investments increased during the year by £13.5 million. This is due to £3.4 million of capital being withdrawn during the year to cover the Fund's cashflow needs, offset by net valuation gains of £16.9 million as set out in note 13 to the accounts.

Investment performance

The Trustees approved changes our agreed a strategic asset allocation, and corresponding long-term return target, for the Fund's investments held in publicly quoted equity and bonds. The allocation is reviewed regularly.

The strategic allocation and the actual allocation at the end of the financial year are shown in the table on the next page.

Asset class	Strategic allocation %	Minimum %	Maximum %	Actual allocation % 2019	Actual allocation % 2018*
Cash	0	0	10	0.5	5.6
Government bonds	5	3	10	4.7	9.7
Corporate bonds	5	0	7	4.7	5.2
Total bonds	10	8	12	9.4	14.9
UK equities	30	25	35	28.8	16.9
Overseas equities	30	25	35	29.2	32.7
Emerging market equities	15	10	20	14.4	9.8
Total equities	75	70	80	72.4	59.4
Private equity	0	0	5	2.0	3.2
Property	15	12	18	15.7	16.9
Total alternatives	15	12-22	20	17.7	20.1
TOTAL	100			100.0	100

* 2018 was under the previous strategic asset allocation.

The value of the Fund's total investments at 31 December 2019, comprising publicly quoted equity and bonds, private equity and property, was £161.1 million (£147.6 million in 2018). These investments produced income, net of investment management fees, of £2.2 million during the year and this income, together with £3.4 million of investment capital, was withdrawn during the year to cover the Fund's cashflow needs. After allowing for these withdrawals, the investments generated a total gain of £16.9 million (11.5 per cent which is above the Fund's long-term objective as set out in the Financial strategy and reserves section below).

During the year we completed the construction of 7-10 Dean's Mews, adjacent to the Fund's offices in Cavendish Square, into four three-bedroom residential properties. These are valued at £11.4 million at the year-end. It is intended to hold the properties as long-term investments, primarily to generate an annual income for the Fund.

Donations and legacies

The Fund gratefully acknowledges donations and/or legacies received from the following during the past year: Her Majesty The Queen, D & KL Welbourne, D Emerson, The Bawden Fund, The Shakespeare Charity Fund, The Christie NHS Foundation Trust 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 2019 were £212.1 million. As set out in note 18 to the accounts, £132.8 million of this represents the expendable endowment (all of which is included in fixed asset investments), restricted funds have a deficit of £1,000 (a deficit of £12,000 in 2018) and the remaining £79.4 million represents unrestricted funds, £55.1 million of which could only be realised by disposing of fixed assets that are currently used by the Fund in its activities.

The Fund's policy on reserves is based on recognising the long-term nature of its work and the continuing need for financial support. The expendable endowment, restricted funds and the unrestricted reserves are managed as a pooled investment with the intention of providing financial support today and for the foreseeable future. After taking into account the reserves set aside to match the £4.1 million deficit on the defined benefit pension scheme, the Trustees consider reserves to be at an appropriate level.

Given the Covid-19 pandemic, which started in 2020, the Trustees have reviewed the level of reserves and confirm that they remain sufficient despite the falls in the market. The Trustees will continue to keep the level of reserves under review, but given the expendable nature of the endowment the Fund remains a going concern, more information can be found in the subsequent events note on page 73.

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. The Fund does not invest directly in tobacco or tobacco-related stocks.

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. Due to the changes to the investment portfolio made in the year, the reference date for the purpose of assessing the real value of the investments was changed from 1 January 2009 to 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.

It is too early to make meaningful comparatives to the new reference date as it is less than 3 months, however the value of the portfolio on the reference date was £158.7 million and the Trustees are satisfied that this is the right strategy for the investments at this time.

How the Fund is constituted and governed

Our charitable objects

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

Working for the public benefit

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

Governing body and committees

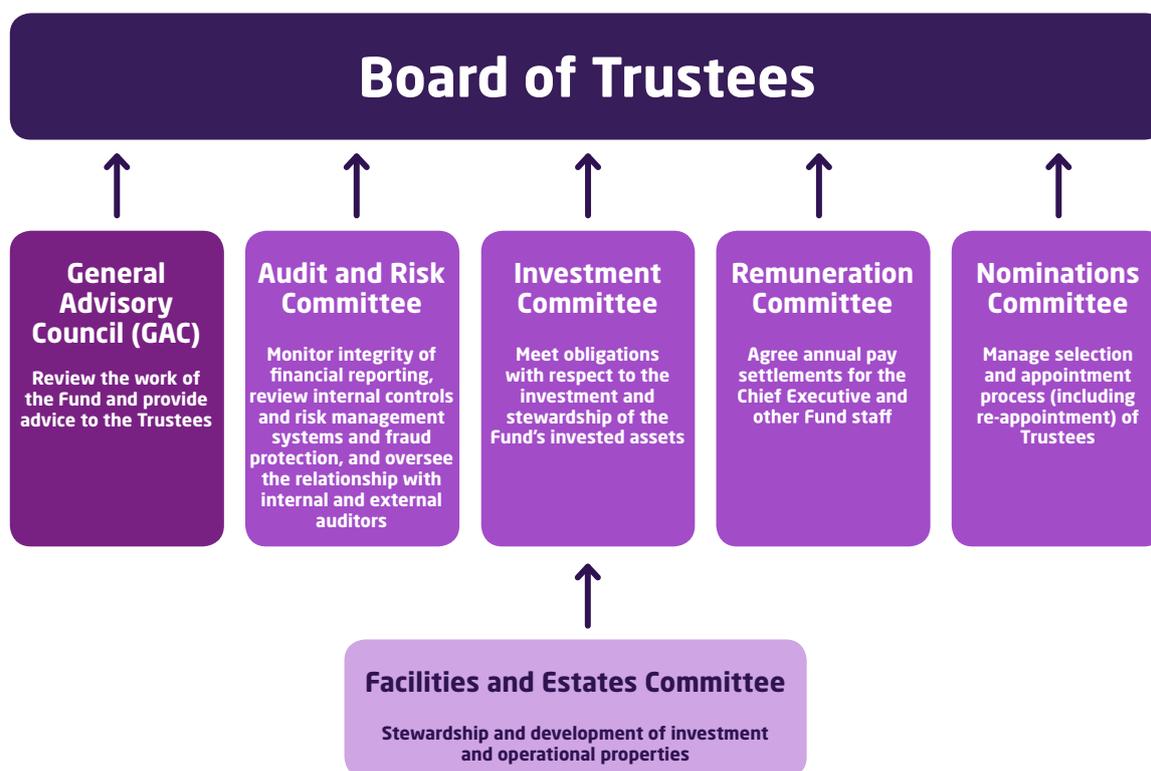
The Board of Trustees meets six times a year to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to the operations of the Fund. One of the meetings is designated the Annual General Meeting, at which the Trustees' Annual Report and Accounts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

The Trustees have established a General Council (known as the General Advisory Council or GAC) in accordance with Byelaw 42 of the Royal Charter.

Members of the GAC 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 GAC meets twice a year to review the work of the Fund and provide advice to the Trustees. The members of the GAC are appointed by the President on the recommendation of the Chief Executive for a period of up to three years.

Details of the current members of the GAC, and those who served during the year, are set out on page 38.

The Board of Trustees has established a number of committees to support it in its work, as outlined below.



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, event sponsorship and advertising and 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 41. Details are included on page 65 of the financial statements.

Recruitment and appointment of Trustees

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

a process for appointing new Trustees to vacancies on the Board was proposed by the Nominations Committee and approved by Trustees. The vacancies were advertised in the press and on the Fund's website. Staff and Trustees shared the information with their own wide range of networks and several online recruitment platforms were used in order to reach as wide a pool of candidates as possible. The recruitment process will be concluded early in 2020.

Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Fund and their responsibilities as a Trustee. The Chair of Trustees meets with each Trustee annually to review performance in the past year and to discuss the year ahead. During the year Trustees were offered the opportunity to take part in unconscious bias training and a diversity mentoring scheme.

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

Board review/evaluation

The Board reviews its performance annually at an awayday when Trustees reflect upon how well they are fulfilling their duties. They use the principles of leadership, integrity, decision-making, board effectiveness, diversity, openness and accountability as included in the Charity Governance Code to ensure high standards of governance and to support continuous improvement.

Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, who is responsible for delivery of the strategic direction and management of the Fund. The Chief Executive, in conjunction with the senior management team, develops strategy, plans, programmes and policies for the Fund, which the Board approves.

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

Senior management team

The senior management team works within the framework set by the strategic plan and the annual operational plan, which sets out the detailed work programme in different areas of activity. It monitors, reviews and takes action to ensure performance against strategic goals and on risks and issues escalated by the Planning Committee and Operations Committee.

Details of the current members of the senior management team, and those who served during the year, are set out on page 41.

Planning Committee

During the year the Planning Committee supported the management and reporting of impact by reviewing progress towards the changes we wanted to see against each external priority. It reviewed the external context in which the Fund works and discussed our public positioning and response to significant external developments. It also oversaw the Fund's external work programme relating to strategic goals 1, 2 and 3.

New internal governance arrangements will support and deliver the new strategic priorities for 2020–24 and the Planning Committee will be replaced with a Portfolio Board which will provide strategic oversight of the Fund's four programmes:

- supporting people and leaders
- tackling the worst health outcomes
- healthier places and communities
- the foundations of health and care.

The board will ensure that a high impact portfolio of work is developed and delivered.

Operations Committee

The Operations Committee supports the management and reporting of performance and risk for the organisation by reviewing use of resources, performance measures and the corporate risk register in line with agreed timetables.

Looking forward to 2020 and beyond, the Operations Committee will focus on the effective use of business systems; processes and infrastructure at the Fund in order to help us achieve greater impact.

Managing key corporate risks

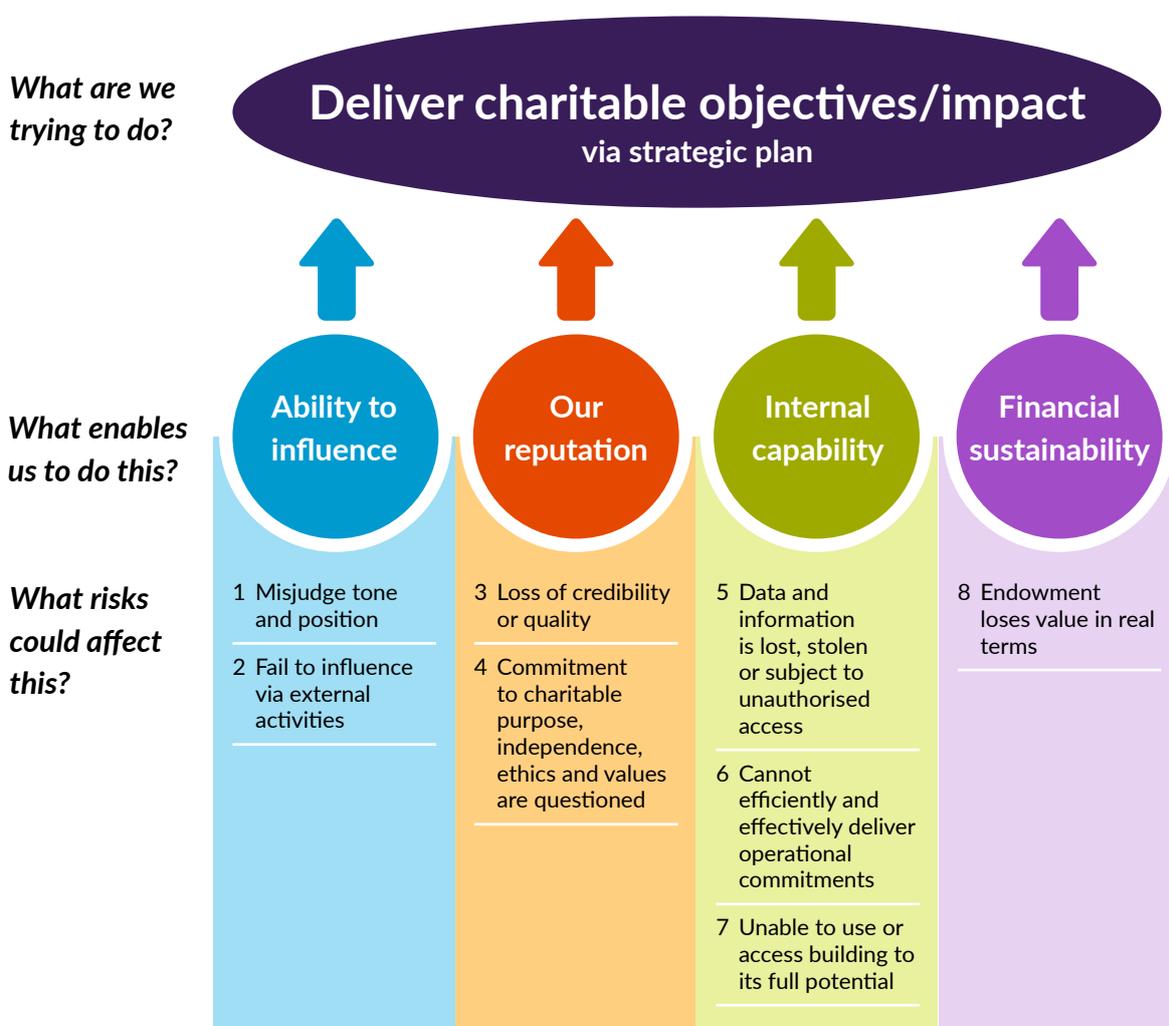
The key corporate risks to the Fund are those that affect the organisation as a whole; they may be influenced by a range of factors including what's happening in the external environment, the nature of activity under way, and planning considerations for the coming year.

The amount and type of risk that the Fund is willing to take in order to meet its strategic objectives is determined by the Trustees and formally reviewed annually. Our approach to risk management aids decision-making as it highlights areas of opportunity

and concern, supports understanding and challenge of the risk controls in place and helps to determine how much further effort is required to mitigate key risks in the Fund's risk register.

The Fund applies a process that categorises and scores each risk by considering its cause, likelihood, impact and mitigation. Based on this we determine whether further action needs to be taken. In 2019 risks were grouped according to whether their impact would be on our ability to influence, reputation, internal capability or our financial sustainability as outlined in the figure below. The Trustees are satisfied with the procedures that are in place to review the risks and with the controls and action plans to mitigate the Fund's exposure to those risks.

Key corporate risks



Management of risk

Risk	Management of risk
Ability to influence	<p>The Chief Executive is accountable for all public statements relating to matters of major significance, working closely with directors to agree positioning statements.</p> <p>This is supported via robust discussion and challenge with directors and Trustees and supplemented by intelligence gathered from monitoring the external environment, conversations with national bodies, local service leaders, a GAC and competitor/partner organisations and regular review of web statistics, data from initial impact assessment of outputs, market research and perception research.</p>
Reputation	<p>The Fund keeps up to date with legal and regulatory requirements and recommended practice for charities, making disclosures on its website around income sources, decision-making and maintaining its independence.</p> <p>Policies, contracts and agreements are used to set out the Fund's position and protect its intellectual property, to ensure the quality of the Fund's outputs, address ethical issues, retain editorial independence and recognise the origin of funding. The charity tries to ensure all staff and Trustees understand and adhere to the values, ethics and culture of the organisation. There are also policies and procedures in place to cover areas such as conflicts of interest and whistleblowing.</p>
Internal capability	<p>We invest in building our internal capabilities through supporting learning and development, as well as valuing and practising openness, collaboration and inclusivity. There is a cross-Fund focus on continuous improvement and the development of effective systems, processes and ways of working.</p> <p>The Fund has an information governance function to support it to comply with regulatory and other requirements for managing business information and developing/maintaining information standards in line with best practice.</p> <p>A business continuity plan is in place to ensure that the Fund can continue operating after a major incident, even if the building is inaccessible for a prolonged period. The IT infrastructure is designed to maximise resilience and policies and processes are in place to ensure appropriate use and security of data.</p>
Financial sustainability	<p>The Fund's investments are actively managed and reviewed by an investment committee, which sets a strategic asset allocation and associated performance benchmark and balances risk against benchmark returns with a diversified portfolio of asset classes. Investment performance is visible to Trustees and senior management in the monthly review of finances.</p> <p>Short- and long-term financial plans are maintained, and progress is monitored regularly by Trustees and SMT. Oversight of defined benefit pension scheme is maintained, and this liability is considered alongside other financial risks.</p>

Maintaining our independence

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

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

Our funding

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

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

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

How we set policy

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

Our partnerships

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

Conflicts of interest policy

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

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

Remuneration policy

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

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

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

The Board of Trustees has delegated responsibility for determining matters of pay and pay-related benefits to its Remuneration Committee. The Committee meets routinely in the winter to agree the following year's percentage increase and arrangements for executive pay. In agreeing the pay award, the committee considers indicators in the wider economy, what levels of award have been made by organisations the Fund compares itself with and affordability.

Reference and administrative details

Registered office

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

Charity number

1126980

Company number

RC000826

Patron

Her Majesty The Queen

President

His Royal Highness The Prince of Wales

Board of Trustees

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

Sir Christopher Kelly (Chair) [to 31 December 2019]

Dame Ruth Carnall

Dr Jane Collins

Dominic Dodd

Simon Fraser

Paul Johnson [to 31 December 2019]

Lord Ajay Kakkar (Chair) [from 1 January 2020]

Dr Aseem Malhotra

Sir Jonathan Michael

Rt Hon Jacqui Smith

Sub Committees

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

Investment Committee

Mary-Anne Daly [to 18 February 2019]
Dominic Dodd [to 31 December 2019]
Simon Fraser (Chair)
Robert Holmes
Paul Johnson
Lord Kakkar [from 1 January 2020]
Sir Christopher Kelly [to 31 December 2019]
John McLaughlin
Max Ward

Remuneration Committee

Dame Ruth Carnall (Chair)
Simon Fraser
Lord Kakkar [from 1 January 2020]
Sir Christopher Kelly [to 31 December 2019]
Sir Jonathan Michael

Nominations Committee

Dame Ruth Carnall
Simon Fraser
Lord Kakkar [from 1 January 2020]
Sir Christopher Kelly [to 31 December 2019]
Sir Jonathan Michael

Audit and Risk Committee

Dr Jane Collins
Dominic Dodd
Sir Jonathan Michael (Chair)

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

Strone Macpherson [to 18 November 2019]
Robin Chute
Andy Doyle [from 1 September 2019]
Simon Fraser (Chair)
Lord Kakkar [from 1 January 2020]
Sir Christopher Kelly [to 31 December 2019]
Anna Rule [from 1 September 2019]

General Council

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

Dr Kamran Abbasi – Executive Editor, *The BMJ*

Lord Victor Adebowale CBE – Chief Executive, Turning Point

Dr Steve Alder – Neurologist, Re:Cognition Health [to 31 December 2019]

Samantha Allen – Chief Executive, Sussex Partnership NHS Foundation Trust
[from 1 March 2020]

Professor Kate Arden – Director of Public Health, Wigan Metropolitan Borough
Council [from 1 March 2020]

Kay Boycott – Chief Executive, Asthma UK

Stephen Chandler – Corporate Director for Adult Services, Oxfordshire County Council
[from 1 March 2020]

Emma Colyer MBE – Chief Executive, Body and Soul

Professor Yvonne Doyle CB – Regional Director, Public Health England

Dr Navina Evans – Chief Executive Officer, East London Foundation Trust

Hannah Farrar – Chief Executive, Carnall Farrar

Ceinwen Giles – Director, Shine Cancer Support

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

Angela Helleur – Chief Nurse, Lewisham and Greenwich NHS Foundation Trust
[from 1 March 2020]

Fatima Khan-Shah – Executive Lead, Unpaid Carers Programme, West Yorkshire and
Harrogate Health and Care Partnership [from 1 March 2020]

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

Dr Partha Kar – Consultant Endocrinologist, Portsmouth Hospitals NHS Trust
[to 31 December 2019]

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

Lord Bob Kerslake – House of Lords

Jonathan McShane – Chair, Terrence Higgins Trust [from 1 March 2020]

Dr Arvind Madan – Chief Executive Officer, Hurley Group [to 31 December 2019]

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

Jenny Owen CBE – Non-Executive Director, Royal Free NHS Foundation Trust

Ben Page – Chief Executive, Ipsos MORI

Sarah Pickup OBE – Deputy Chief Executive, Local Government Association

Amanda Pritchard – Chief Executive, Guy's and St Thomas' NHS Foundation Trust
[to 31 December 2019]

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

Martin Reeves – Chief Executive , Coventry City Council
Dr Emma Stanton MBE – Chief Executive, Four Eyes Insight Ltd [to 31 December 2019]
Jeremy Taylor – Former Chief Executive, National Voices and patient champion
Hardev Virdee – Group Chief Financial Officer, Barts NHS Foundation Trust

KEHF Ltd Board of Directors

Simon Fraser
Sir Jonathan Michael
Richard Murray [from 23 January 2019]
Anna Rule [from 17 November 2019]
Matthew Tolchard

Senior Management Team

Chief Executive – Richard Murray [from 1 January 2019]
Director of Policy – Sally Warren [from 3 June 2019]
Acting Director of Policy – Alex Baylis [from 1 January 2019 to 3 June 2019]
Director of Finance and Operations – Paul Clough
Director of Leadership and Organisational Development – Suzie Bailey
Director of Communications and Information – Patrick South
Director of HR – Shirley Collier

Key advisers

Bankers

National Westminster Bank Plc
250 Regents Street
London W1B 3BN

Solicitors

Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH

Actuaries

Buck Consultants Limited
160 Queen Victoria Street
London EC4V 4AN

Auditor

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Investment Manager - Investment Portfolio

Stonehage Fleming Investment Management Limited [to 29 March 2019]

15 Suffolk Street

London SW1Y 4HG

Investment Advisers

Cambridge Associates Limited [to 31 January 2019]

80 Victoria Street

London SW1E 5JL

Stanhope Capital LLP [from 29 March 2019]

35 Portman Square

London W1H 6LR

Investment Manager - Investment Property

Savills plc

33 Margaret Street

London W1G 0JD

Statement of Trustees' responsibilities

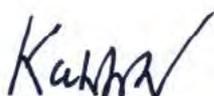
The Trustees are responsible for preparing the Trustees' Annual Report and Accounts in accordance with applicable law and regulations.

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
- 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

19 May 2020

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 2019, 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 2019 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
- 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.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 43, 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.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

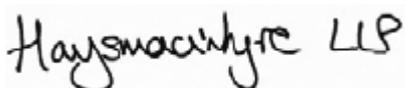
Matters on which we are required to report by exception

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 returns adequate for our audit have not been received from branches not visited by us, 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.

Use of our report

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



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

11 June 2020

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 2019

	Notes	Unrestricted funds £000	Restricted funds £000	Endowed funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and legacies		5	-	-	5	7
Research and analysis		363	246	-	609	1,165
Developing individuals, teams and organisations		3,267	178	-	3,445	2,985
Promoting understanding		89	-	-	89	88
Bringing people together		822	-	-	822	781
Charitable activities	4	4,541	424	-	4,965	5,019
Other trading activities	5	4,230	-	-	4,230	4,392
Investments	6	2,678	-	-	2,678	2,511
Other		160	-	-	160	132
Total		11,614	424	-	12,038	12,061
Expenditure on:						
Research and analysis		4,603	244	-	4,847	5,017
Developing individuals, teams and organisations		4,452	183	-	4,635	4,581
Promoting understanding		2,362	-	-	2,362	2,444
Bringing people together		970	-	-	970	980
Charitable activities	4	12,387	427	-	12,814	13,022
Other trading activities	7	3,077	-	-	3,077	3,199
Investment management costs	8	283	-	308	591	588
Total		15,747	427	308	16,482	16,809
Operating gain/(deficit)		(4,133)	(3)	(308)	(4,444)	(4,748)
Net gain/(loss) on investments		1,436	-	15,486	16,922	(9,752)
Net income/(expenditure)		(2,697)	(3)	15,178	12,478	(14,500)
Transfers between funds		(14)	14	-	-	-
Actuarial gain/(loss) on defined benefit pension scheme		(1,143)	-	-	(1,143)	7,049
Net movement in funds		(3,854)	11	15,178	11,335	(7,451)
Reconciliation of funds:						
Total funds brought forward	18	83,131	(12)	117,614	200,733	208,184
Total funds carried forward	18	79,277	(1)	132,792	212,068	200,733

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

The notes on pages 53 to 73 form part of these financial statements.

Balance sheets

as at 31 December 2019

	Notes	Consolidated 2019 £000	Consolidated 2018 £000	Charity 2019 £000	Charity 2018 £000
Fixed assets:					
Tangible assets	11	54,886	55,410	54,886	55,410
Intangible assets	12	167	358	167	358
Investments	13	161,143	147,635	161,193	147,685
Total fixed assets		216,196	203,403	216,246	203,453
Current assets:					
Debtors	15	2,253	2,432	2,460	2,220
Cash at bank and in hand		1,292	865	353	466
Total current assets		3,545	3,297	2,813	2,686
Liabilities:					
Creditors: Amounts falling due within one year	16	(3,577)	(3,185)	(2,899)	(2,628)
Net current (liabilities)/assets		(32)	112	(76)	58
Net assets excluding pension liability		216,164	203,515	216,160	203,511
Defined benefit pension scheme liability	17	(4,096)	(2,782)	(4,096)	(2,782)
Total net assets		212,068	200,733	212,064	200,729
The funds of the charity:					
Expendable endowment funds		132,792	117,614	132,788	117,610
Restricted funds		(1)	(12)	(1)	(12)
Unrestricted funds		83,373	85,913	83,373	85,913
Pension reserve		(4,096)	(2,782)	(4,096)	(2,782)
Total unrestricted funds	18	79,277	83,131	79,277	83,131
Total charity funds	18	212,068	200,733	212,064	200,729

Approved on behalf of the Board of Trustees and authorised for issue on 19 May 2020.



Simon Fraser
Treasurer

The notes on pages 53 to 73 form part of these financial statements.

Consolidated cashflow statement

for the year ended 31 December 2019

	Notes	2019 £000	2018 £000
Net cash (used in) operating activities	A	(4,548)	(4,969)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,546	2,497
Investment management fees		(591)	(588)
Purchase of tangible fixed assets		(510)	(409)
Purchase of intangible fixed assets		(16)	(31)
Net proceeds from sale of investments		3,546	3,634
Net cash provided by investing activities		4,975	5,103
Change in cash and cash equivalents in the reporting period	B	427	134
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2019 £000	2018 £000
Net income/(expenditure) for the reporting period		12,478	(14,500)
Adjustments for:			
Investment income		(2,678)	(2,511)
Net (gain)/loss on investments		(16,922)	9,752
Investment management fees		591	588
Depreciation and amortisation charges		1,223	1,235
Loss on disposal of fixed assets		18	-
Other finance cost of the pension scheme		77	227
Current service cost less contributions to the pension scheme		94	(57)
Past service costs		-	300
Decrease/(increase) in debtors		179	(331)
Increase/(decrease) in creditors		392	328
Net cash/(used in) operating activities		(4,548)	(4,969)
B. Movement of cash and cash equivalents			
	At 1 January 2019 £000	Movement £000	At 31 December 2019 £000
Cash at bank and in hand	865	427	1,292

Notes to the accounts

for the year ended 31 December 2019

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 the Statement of Recommended Practice for Charities (SORP 2015) (Second Edition, effective 1 January 2019).

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)

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.

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

- Pension liabilities: The charity recognises the liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 17.
- Valuation of investment properties: The charity's Basing investment properties are stated at their fair values. These are estimated based on an external valuation as at the 31 December 2017 with a management update as disclosed in note 13. The Deans Mews investment property is stated at actual cost less an allowance for the forecasted fair value when works are completed.
- Private equity investments are valued at the most recent investment manager valuations.

2. Accounting policies (continued)

- **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.
- **Valuation of freehold land and buildings:** The Fund has chosen to use the fair value of its freehold land and buildings as its deemed cost at 1 January 2014. The estimated fair value has been based on a professional valuation at 31 December 2015 with appropriate adjustments made to arrive at the corresponding 1 January 2014 value.

Other accounting policies

Donations and legacies

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

Grants receivable

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

Investment income

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

Other income recognition

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

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

2. Accounting policies (continued)

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. The resulting defined benefit asset or liability is presented separately on the face of the Balance Sheet.

The NHS Pension Scheme is a multi-employer defined benefit scheme. Contributions have been accounted for in the period to which they relate, as if it were a defined contribution scheme.

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

Intangible assets

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

Tangible assets

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

2. Accounting policies (continued)

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

The expected useful economic life of each major item of plant and machinery is determined by an independent consulting quantity surveyor.

Freehold land is not depreciated.

Financial instruments

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

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

Foreign currencies

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

2. Accounting policies (continued)

Funds

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

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

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

3. Taxation

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

4. Income and expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting Understanding £000	Bringing people together £000	Total 2019 £000	Total 2018 £000
Commissioned work	363	1,795	-	-	2,158	2,470
Grants	246	178	-	-	424	415
Course places or event tickets	-	1,446	-	711	2,157	2,000
Other	-	26	89	111	226	134
Total income	<u>609</u>	<u>3,445</u>	<u>89</u>	<u>822</u>	<u>4,965</u>	<u>5,019</u>
Direct expenditure	2,724	2,910	1,102	618	7,354	6,968
Support departments (4a)	2,123	1,725	1,260	352	5,460	6,054
Total expenditure	<u>4,847</u>	<u>4,635</u>	<u>2,362</u>	<u>970</u>	<u>12,814</u>	<u>13,022</u>

4. Income and expenditure on charitable activities (continued)

4a. Support departments

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting Understanding £000	Bringing people together £000	Total 2019 £000	Total 2018 £000
Facilities (1)	593	482	351	111	1,537	1,645
Communications (2)	245	199	146	-	590	553
Other support (3)	1,285	1,044	763	241	3,333	3,856
Total cost of support departments	<u>2,123</u>	<u>1,725</u>	<u>1,260</u>	<u>352</u>	<u>5,460</u>	<u>6,054</u>

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

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

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

5. Income from other trading activities

	2019 £000	2018 £000
Income from other trading activities comprises:		
External conference and catering services	2,485	2,574
Income from sponsorship and partnership	1,110	1,009
Income from tenants	504	488
Income from non-charitable consultancy	131	321
	<u>4,230</u>	<u>4,392</u>

6. Income from investments

	2019 £000	2018 £000
Income from securities and cash assets:		
Equities	1,762	1,195
Bonds	320	442
Cash	30	39
Investment properties	566	835
	<u>2,678</u>	<u>2,511</u>

7. Expenditure on other trading activities

	2019	2018
	£000	£000
Expenditure on other trading activities comprises:		
External conference and catering services, including sponsorship	2,726	2,708
Cost associated with sponsorship and partnerships	271	315
Cost associated with tenants	5	16
Cost associated with non-charitable consultancy	75	160
	<u>3,077</u>	<u>3,199</u>

8. Investment management costs

	2019	2018
	£000	£000
Expenditure on investment management costs comprises:		
Fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and properties	456	491
Property repairs and maintenance	135	97
	<u>591</u>	<u>588</u>

9. Employees

	2019	2018
	£000	£000
Wages and salaries	7,591	7,426
Social security costs (including apprenticeship levy)	886	849
Pension costs	1,165	930
Total emoluments before final salary pension adjustments	<u>9,642</u>	<u>9,205</u>
Pension costs	172	801
Total emoluments after final salary pension adjustments	<u>9,814</u>	<u>10,006</u>

Included in the above pension costs is £273,000 (2018: £394,000) relating to the current employer service costs of the defined benefit pension scheme, £0 (2018: £300,000) relating to past service costs of the defined benefit pension scheme and £25,000 relating to settlement agreement payments (2018: £43,000).

9. Employees (continued)

Average number of staff:

	2019	2018
Research and analysis	32	31
Developing individuals, teams and organisations	26	25
Promoting understanding	19	18
Bringing people together	6	7
Other trading activities	14	14
Facilities	11	11
Communications	7	6
Other support departments	24	24
Total	139	136

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

	2019	2018
£60,000 - £69,999	15	10
£70,000 - £79,999	9	9
£80,000 - £89,999	4	5
£90,000 - £99,999	6	6
£100,000 - £109,999	3	-
£110,000 - £119,999	3	3
£120,000 - £129,999	1	-
£130,000 - £139,999	-	1
£140,000 - £149,999	-	-
£170,000 - £179,999	1	-
£250,000 - £259,999	-	1

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for 5 (2018: 5) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for 6 (2018: 6) higher-paid employees. Contributions totalling £365,000 (2018: £242,000) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 30 (2018: 22) higher-paid employees.

The total employee benefits, including employer pension costs, received by the Chief Executive in 2019 were £218,326 (2018: £251,326).

The key management personnel of the charity comprise the Trustees and the senior management team. None of the Trustees have been paid any remuneration or received any other benefits from an employment with the charity or a related entity. No Trustee was reimbursed for expenses incurred (2018: one trustee for £141). The total employee benefits, including employer pension costs and National Insurance, received by the key management personnel in 2019 were £991,000 (2018: £1,019,000).

10. Resources expended on governance

	2019	2018
	£000	£000
Auditor's remuneration		
External audit fees (Charity)	20	24
External audit fees (KEHF Limited)	5	4
Meeting costs	5	4
	30	32

Fees totalling £6,250 (2018: £9,965 these fees were paid to Crowe our previous auditor) were payable to the auditors for taxation and internal audit services.

11. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	2019 Total assets £000
Cost				
At 1 January	55,350	4,814	3,596	63,760
Additions	-	132	378	510
Disposals	-	(192)	(992)	(1,184)
At 31 December	<u>55,350</u>	<u>4,754</u>	<u>2,982</u>	63,086
Depreciation				
At 1 January	2,437	3,281	2,632	8,350
Charge for the year	483	224	310	1,017
Disposals	-	(175)	(992)	(1,167)
At 31 December	<u>2,920</u>	<u>3,330</u>	<u>1,950</u>	8,200
Net Book Value				
At 31 December	<u>52,430</u>	<u>1,424</u>	<u>1,032</u>	<u>54,886</u>
Previous year	<u>52,913</u>	<u>1,533</u>	<u>964</u>	55,410

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 2019 The King's Fund had no capital commitments (2018: £304,000 for the refresh of the Burdett suite).

12. Intangible fixed assets

	2019 £000	2018 £000
Cost		
At 1 January	902	871
Additions	16	31
At 31 December	918	902
Amortisation		
At 1 January	544	338
Charge for the year	207	206
At 31 December	751	544
Net Book Value		
31 December	167	358
Previous year	358	533

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

13. Fixed asset investments

	2019 Total £000	2018 Total £000
Securities		
Equities	116,698	87,656
Index Linked bonds	7,633	10,529
Fixed Interest bonds	7,569	11,338
Private Equity funds	3,243	4,848
Cash and cash equivalents	767	8,268
Investment properties	25,233	24,996
Consolidated total	161,143	147,635
Shareholding in subsidiary company	50	50
Charity total	161,193	147,685

Within the total securities, £131,900,000 is classified as Level 1 as defined by IFRS 7, that is 'the investment is quoted in an active market and measured at the unadjusted quoted price at the reporting date'. The remaining £3,243,000 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.

13. Fixed asset investments (continued)

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

The Fund instructed the investment manager to increase the holding in cash and cash equivalents to allow for the payments that will be necessary to cover the development of 7-10 Dean's Mews over the next 3 months.

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 £13,833,000 (2018: £14,430,000) based on a valuation by Savills as at 31 December 2017 adjusted by management for market trends to end 2019. 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. In 2016 planning permission was granted to redevelop the properties. The work on these properties was completed in 2019 and they have been included at market value of £11,400,000 (2018: £10,566,000).

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

	2019	2018
	£000	£000
Opening balance at 1 January	147,635	161,008
Net monies/(disinvested)	(3,369)	(3,621)
Increase/(decrease) on revaluation	16,877	(9,752)
	161,143	147,635
Shareholding in subsidiary company	50	50
Closing balance at 31 December	161,193	147,685

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 four directors comprising two King's Fund Trustees and two 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.

In the year to 31 December, the company had income of £3,826,000 (2018: £4,008,000) and incurred expenditure of £2,810,000 (2018: £2,913,000) thereby generating an operating profit of £1,016,000 (2018: £1,095,000). The directors have made donations in the year of £1,016,102 to The King's Fund through Gift Aid. The resultant accumulated surplus of KEHF Limited at 31 December 2019 is £4,000.

Excluding KEHF Limited's results, the Charity's total income in 2019 was £10,467,000 (2018: £10,425,000) and the Charity's net increase in funds was £11,411,000 (2018: net decrease of £7,451,000).

15. Debtors

	Consolidated	Consolidated	Charity	Charity
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	1,571	1,588	1,074	1,139
Amounts owed by KEHF Limited	-	-	166	220
Prepayments and accrued income	178	263	176	262
Other debtors	504	581	503	573
Donations from KEHF Limited	-	-	541	26
	2,253	2,432	2,460	2,220

16. Current liabilities: amounts falling due within one year

	Consolidated 2019 £000	Consolidated 2018 £000	Charity 2019 £000	Charity 2018 £000
Trade creditors	707	691	558	514
Amounts owed to KEHF Limited	-	-	8	21
Deferred income - see analysis below	1,980	1,460	1,451	1,076
Taxation and social security	9	364	9	364
Other creditors and accruals	881	670	873	653
	3,577	3,185	2,899	2,628
	Balance at 1 January 2019 £000	Released during the year £000	Additional deferrals £000	Balance at 31 December 2019 £000
Deferred income analysis				
Programme fees received in advance	1,076	(1,076)	1,451	1,451
Charity Total	1,076	(1,076)	1,451	1,451
Other deferred income including KEHF Limited	384	(384)	529	529
Consolidated Total	1,460	(1,460)	1,980	1,980

17. Pension schemes

The King's Fund Staff Pension and Life Assurance Plan

The King's Fund Staff Pension and Life Assurance Plan (the Plan) is a defined benefit scheme. The Plan was open to all employees of The King's Fund who were not members of another scheme until it was closed to new members on 28 February 2008.

	2019 £000	2018 £000
The amounts recognised in the Balance Sheet are as follows:		
Fair value of plan assets	59,971	53,901
Present value of plan liabilities	(64,067)	(56,683)
Net Plan liability	(4,096)	(2,782)
	2019 £000	2018 £000
The movement in defined benefit obligations over the year was as follows:		
Present value of obligations at start of year	56,683	66,993
Current employer service cost	273	394
Past service cost	-	300
Employee contributions	83	91
Interest costs	1,618	1,652
Actuarial (gains)/losses	7,194	(10,942)
Benefits paid	(1,784)	(1,805)
Closing value of the plan liability	64,067	56,683

17. Pension schemes (continued)

	2019	2018
	£000	£000
The movement in the fair value of assets over the year was as follows:		
Opening fair value of plan assets	53,901	57,631
Return on plan assets in excess of/(lower than) interest income	6,051	(3,892)
Interest income on planned assets	1,541	1,425
Employee contributions	83	91
Employer contributions	179	451
Benefits paid	(1,784)	(1,805)
Closing fair value of plan assets	59,971	53,901

Employer contributions in 2019 included £0 (2018: £331,000) in respect of past service costs. In addition, the Plan has pension liabilities which are insured with a value of approximately £140,000 (2018: £170,000). 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.

	2019	2018
	£000	£000
Total (expense)/income recognised in the Statement of Financial Activities:		
Current employer service cost	(273)	(394)
Past service cost	-	(300)
Net interest on the net defined benefit obligation	(77)	(226)
Return on Plan assets excluding interest income	6,051	(3,893)
Actuarial gains/(losses) arising from change in assumptions	(7,194)	10,942
Total (expense)/income recognised in the Statement of Financial Activities	(1,493)	6,129

Proportion of total Plan assets by asset class:

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

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

	2019	2018
	£000	£000
Actual return/(loss) on Plan assets	(4,096)	(2,467)
The principal actuarial assumptions used at the balance sheet date:		
Discount rate	2.00%	2.90%
Rate of increase in salaries	2.45%	2.70%
General price inflation	2.05%	2.20%
Rate of increase in pension payments:		
Service prior to 1 April 2000	4.15%	4.25%
Service after 1 April 2000	2.95%	3.10%

17. Pension schemes (continued)

The King's Fund expects contributions of £176,000 to be made to the Plan in the year ending 31 December 2020 (excluding contributions made by employees). This sum includes payments of £0 in respect of past service costs from the most recent formal valuation date of 1 April 2018.

NHS Pension Scheme

The Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 12 (2018: 12) eligible members of staff as at 31 December. In 2019 The Fund contributed £118,000 (2018: £111,000) to the scheme. The employer's contribution rate is set by the Government Actuary at 14.4%.

The King's Fund Group Personal Pension Scheme

The Fund contributes to the Group Personal Pension Scheme, a defined contribution scheme established in 2008, for 114 (2018: 107) members of staff as at 31 December. The Fund contributed £722,000 (2018: £567,000) to the scheme. The employer's contribution rates are double each individual employee's contribution rate within the range from 6% to 12% of pensionable salary.

The pension charges for the period are shown below:

	2019	2018
	£000	£000
The King's Fund Staff Pension and Life Assurance Plan	179	252
NHS Pension Scheme	118	111
The King's Fund Group Personal Pension Scheme	722	567
Total charges	1,019	930

18. Split of assets between funds

	Expendable endowment £000	Restricted funds £000	Unrestricted funds £000	Total funds 2019 £000	Total funds 2018 £000
Tangible assets	-	-	54,886	54,886	55,410
Intangible assets	-	-	167	167	358
Investments: securities	118,737	-	17,173	135,910	122,639
Investments: property	14,055	-	11,178	25,233	24,996
Net current assets/(liabilities)	-	(1)	(31)	(32)	112
Pension fund reserve	-	-	(4,096)	(4,096)	(2,782)
Total funds	132,792	(1)	79,277	212,068	200,733

19. Movements in funds

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

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

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

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

20. Related party transactions

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

- In 2019 the Charity charged KEHF Limited management fees totalling £297,000 (2018: £394,000). This is calculated as a percentage of external income.
- In 2019 the Charity charged KEHF Limited licence fees totalling £765,000 (2018: £782,000). This is calculated as a percentage of room hire income from external conference and catering services.
- In 2019 KEHF Limited charged the Charity administration fees totalling £89,000 (2018: £89,000). This is calculated as a percentage of internal room hire costs.
- As at 31 December 2019 KEHF owed the Charity £541,000 of additional gift aid (2018: £26,000). For the total gift aid payable in the year see note 14 above.

21. Lessor operating leases

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

	2019	2018
	£000	£000
Not later than one year	709	720
Later than one year and not later than five years	889	1,007
Later than five years	216	277
Total	<u>1,814</u>	<u>2,004</u>

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

22. Comparative statements

22a. Comparative split of assets between funds

	Expendable Endowment £000	Restricted Funds £000	Unrestricted Funds £000	Total Funds 2018 £000
Tangible assets	-	-	55,410	55,410
Intangible assets	-	-	358	358
Investments: securities	105,357	-	17,282	122,639
Investments: property	12,257	-	12,739	24,996
Net current assets/(liabilities)	-	(12)	124	112
Pension fund reserve	-	-	(2,782)	(2,782)
Total funds	<u>117,614</u>	<u>(12)</u>	<u>83,131</u>	<u>200,733</u>

22. Comparative statements (continued)

22b. Comparative movements in funds

	At the start of the year £000	Incoming resources and gains £000	Outgoing resources and losses £000	Transfers £000	At the end of the year £000
Restricted funds:					
Department of Health with University of York	4	146	(152)	-	(2)
Department of Health with University of Manchester	-	16	(16)	-	-
Comic Relief and Big Lottery	-	161	(164)	-	(3)
Big Lottery	-	50	(46)	-	4
Other	-	42	(53)	-	(11)
Total restricted funds	4	415	(431)	-	(12)

There were two projects funded by the Department of Health and Social Care. The first is run jointly with the University of York and provides a fast response research and analytical facility to the Department. In 2018 a number of pieces of work were undertaken, including collating international examples of approaches to identifying population groups with greatest health needs, reviewing practice in managing transitions from children to adult learning disability services, and a comparison of selected countries' approaches to managing the pricing of pharmaceuticals. The second project funded by the Department is in partnership with the University of Manchester and this undertook research into the effects of the Care Quality Commission's new inspection and rating system on provider performance.

The Comic Relief and Big Lottery Fund grant is to develop and deliver the Cascading Leadership programme for voluntary and community sector leaders in health and care. The project started in 2017; the work funded by Comic Relief was completed in December 2018 and the remaining grant will be spent in 2019. In total the funding is £252,000 (£177,000 from Big Lottery and £75,000 from Comic Relief); of which £72,000 was spent in 2017, the additional income will be recognised in the accounts as the work is delivered.

In 2018 a new grant was awarded by Big Lottery (now called The National Lottery Community Fund) to extend the Cascading Leadership programme. The programme started in 2018 and £116,000 of funding had been received by 31 December 2018; the additional income will be recognised in the accounts as the work is delivered.

22. Comparative statements (continued)

22c. Comparative consolidated statement of financial activities

	Unrestricted Funds £000	Restricted Funds £000	Endowed Funds £000	2018 Total £000
Income and endowments from:				
Donations and legacies	7	-	-	7
Charitable activities:				
Research and analysis	961	204	-	1,165
Developing individuals, teams and organisations	2,774	211	-	2,985
Promoting understanding	88	-	-	88
Bringing people together	781	-	-	781
Other trading activities	4,392	-	-	4,392
Investments	2,511	-	-	2,511
Other	132	-	-	132
Total	11,646	415	-	12,061
Expenditure on:				
Charitable activities:				
Research and analysis	4,796	221	-	5,017
Developing individuals, teams and organisations	4,371	210	-	4,581
Promoting understanding	2,444	-	-	2,444
Bringing people together	980	-	-	980
Other trading activities	3,199	-	-	3,199
Investment management costs	218	-	370	588
Total	16,008	431	370	16,809
Operating gain/(deficit)	(4,362)	(16)	(370)	(4,748)
Net gains on investments	(2,548)	-	(7,204)	(9,752)
Net income/(expenditure)	(6,910)	(16)	(7,574)	(14,500)
Actuarial gain/(loss) on defined benefit pension scheme	7,049	-	-	7,049
Net movement in funds	139	(16)	(7,574)	(7,451)
Reconciliation of funds:				
Total funds brought forward	82,992	4	125,188	208,184
Total funds carried forward	83,131	(12)	117,614	200,733

22d. Comparative income and expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2018 £000
Commissioned work	957	1,513	-	-	2,470
Grants	208	207	-	-	415
Course places or event tickets	-	1,259	-	741	2,000
Other	-	6	88	40	134
Total income	1,165	2,985	88	781	5,019
Direct expenditure	2,680	2,697	1,087	504	6,968
Support departments	2,337	1,884	1,357	476	6,054
Total expenditure	5,017	4,581	2,444	980	13,022

23. Subsequent events note

In early 2020 the global Covid-19 pandemic started, which has had an impact on the work being done by the Fund in 2020, the plans for 2020 and risks in the Trustees' report have been amended accordingly as far as they are currently known but they are likely to change further as the pandemic develops.

We have considered the financial impacts of Covid-19 and determined that, despite the significant decrease in value of investments, this does not materially impact the 2019 numbers presented in these accounts as the Fund remains a going concern. In addition, a Coronavirus action plan is being developed to mitigate any long-term effects of Covid-19 on the Fund.

