

Working for better health



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King's Fund

Annual Review 2000/2001 incorporating Trustees' Report 2000



review

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In 2000, the King's Fund continued to seek new ways of promoting innovation and improvement in the health and health care of Londoners.

We were particularly pleased to be able to award some special Millennium Grants, amounting to £4 million over five years.

These included establishing a new health and community regeneration initiative; supporting the Foundation for Integrated Medicine to develop regulation in this expanding sector; setting up a major health advocacy programme for minority ethnic Londoners; and developing a grants scheme for improving the environment of London hospitals in order to promote healing and patient well-being.

In 2000, we were able to spend almost £14 million on improving the health of Londoners. Increasingly, we seek to target our resources on work that we believe we are uniquely placed to undertake – due to our independence, our expertise and our wide range of interests. In the following pages, we demonstrate the difference the King's Fund has made over the last year to people's health in our four main areas of concern – tackling health inequalities and injustice; helping health services respond better to cultural diversity; encouraging partnerships and cross-boundary working to ensure individuals

get services that suit their needs; and giving citizens more of a voice in health matters.

I was very pleased to see these goals reflected in the aspirations of the NHS Plan published in July 2000 and to which we contributed. Its ambitious targets will, if successful, bring about real and much needed improvements in the NHS. Another major development that took place last year and in which we had a significant role promises to have an even greater impact on tackling the causes of ill health – the creation of the London Health Commission by the new Mayor of London.

The King's Fund is well placed to build on all of these developments in 2001. Under the lively leadership of chief executive Julia Neuberger, I am confident the King's Fund will continue to make a real impact on improving the health of London.

Graham Hart

Patron

Her Majesty The Queen

President

HRH The Prince of Wales
KG KT PC GCB

Treasurer

William Backhouse

Chairman of the Management Committee

Sir Graham Hart KCB

Chief Executive

Rabbi Julia Neuberger

Chief Executive's report

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One of the most exciting themes of the last year has been the growing consensus that we have to reinvigorate our public services, including the NHS. There are numerous examples of individual excellence but, in too many cases, local people have no connection with and little confidence in the very services that should be theirs. This is particularly true for the most disadvantaged groups, who sometimes fall out of the system altogether. And too many of the hundreds of thousands of men and women who work in our public services feel undervalued and unmotivated.

However, the growing consensus, together with the NHS Plan and its accompanying major funding boost, presents a real opportunity as we move into the new century. I intend that the King's Fund will play a significant role in making the most of this opportunity. Our work spans policy analysis, development and research, as well as helping build the capacity and skills of health professionals and local communities via grants, leadership programmes and information provision. It covers all sectors of health care, social care and public health, spanning traditional service sector boundaries. And it will require progress in all these areas if we are to make an impact.

For example, in 2001, we will be rolling out our Millennium Awards to help create a new set of community leaders able to take action to improve the health of their own neighbourhoods, developing networks for health professionals working on public involvement to enable the rapid spread of best practice, and providing better information about local health service performance.

We will be demonstrating the tangible benefits to health of public services working together, for example on community safety initiatives. We will be analysing the impact of recent Government policy on the ability of health services to respond to local needs and circumstances. And we will be examining workforce issues, including the need to tackle racism in the NHS, provide affordable housing for public sector staff, and to address one of the most undervalued areas of public service – care and support work.

I feel optimistic about the future of public service in the UK, partly because we have such a strong tradition on which to build. But it will require new thinking from all of us. I hope that in the coming year we at the King's Fund can help to make this happen.

John N. [Signature]

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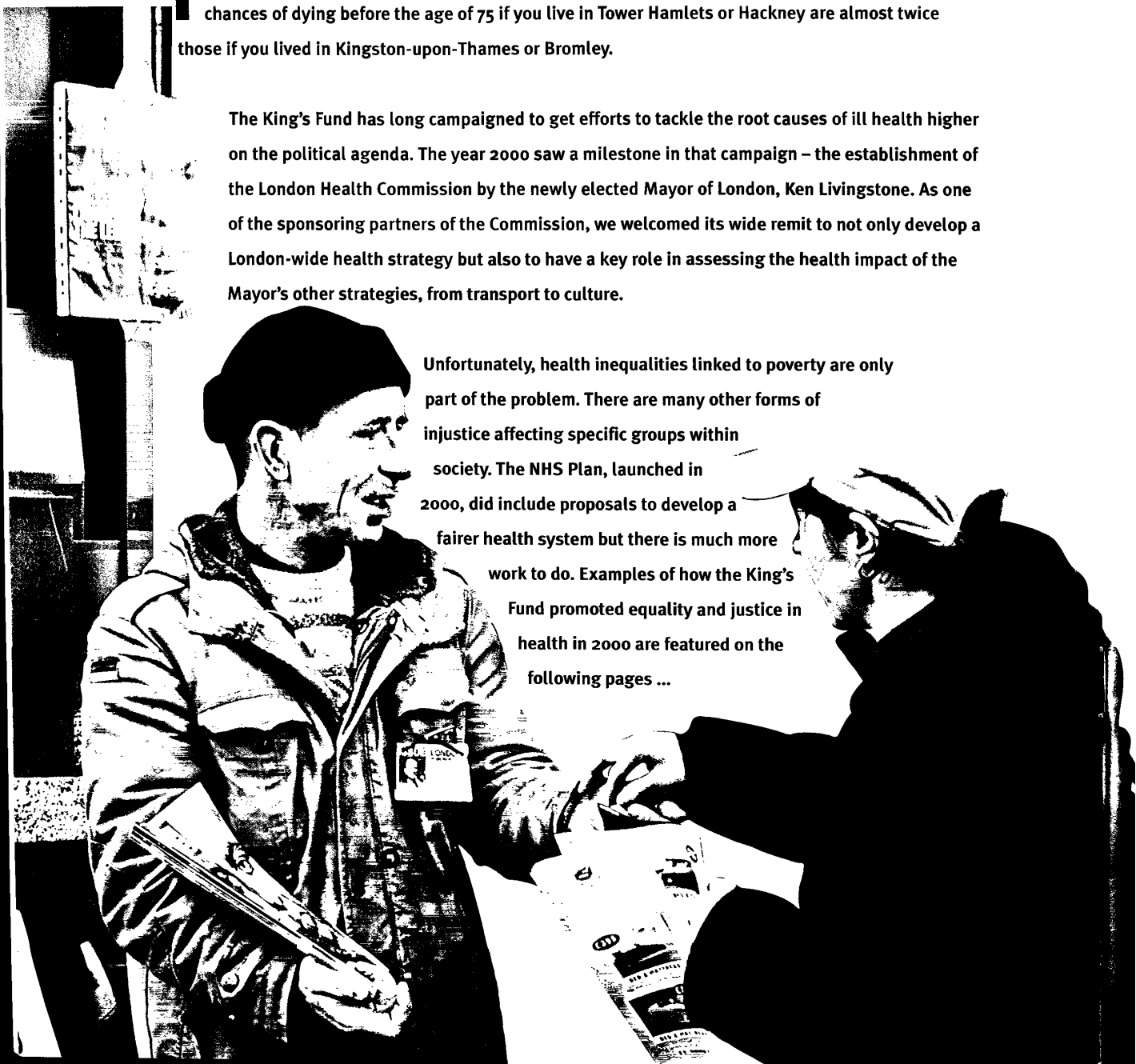
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Equality and justice

Improving the lives of some of our society's most vulnerable and disadvantaged people is always at the heart of the King's Fund's work. London is one of the wealthiest cities in the world but the capital also contains some of the largest areas of deprivation in the country. Put starkly, your chances of dying before the age of 75 if you live in Tower Hamlets or Hackney are almost twice those if you lived in Kingston-upon-Thames or Bromley.

The King's Fund has long campaigned to get efforts to tackle the root causes of ill health higher on the political agenda. The year 2000 saw a milestone in that campaign – the establishment of the London Health Commission by the newly elected Mayor of London, Ken Livingstone. As one of the sponsoring partners of the Commission, we welcomed its wide remit to not only develop a London-wide health strategy but also to have a key role in assessing the health impact of the Mayor's other strategies, from transport to culture.

Unfortunately, health inequalities linked to poverty are only part of the problem. There are many other forms of injustice affecting specific groups within society. The NHS Plan, launched in 2000, did include proposals to develop a fairer health system but there is much more work to do. Examples of how the King's Fund promoted equality and justice in health in 2000 are featured on the following pages ...



RESEARCH

Finding the facts on inequalities

King's Fund research for the Government's Social Exclusion Unit reviewed the published literature over the last 20 years on whether the quality of NHS health care was different in deprived communities in England compared with wealthier areas.

The results clearly showed that access to primary care was lower in deprived areas, particularly in inner cities and especially in London, resulting in delays in diagnosis, appropriate treatment and referral. And, although the use of inpatient hospital care was found to be broadly equal across socio-economic and ethnic groups, there were significant differences in specific locations and for specific conditions.

The research concluded with a list of recommendations including routine monitoring of access to treatment, better training of health professionals and setting priorities for further research.



Although there are examples of good practice, the overall standard of care and support services needs to rise

POLICY

Inquiry into care of most vulnerable

A national inquiry into the quality of services provided by care workers was launched by the King's Fund at the start of 2000 and is reporting this year. The review followed mounting concern about the standard of care being provided for some of society's most vulnerable people, as well as the welfare of the staff themselves. A panel of independent experts led by the King's Fund has been investigating a range of concerns and pulling the research together in order to produce a package of recommendations for the Government and other agencies.

'Instances of neglect, incompetence and abuse continue to come to light in many different care settings, from hospital wards to residential care homes. Despite many examples of innovation and good practice, there is abundant evidence showing that many services are failing to provide care and support in ways that promote independence and enable people to lead an ordinary life.'

*Janice Robinson,
Director of Health and Social
Care Programme,
King's Fund*

Equality and justice in h

'As well as improving the mental health of Kurdish people, the project will increase access to mental health services and aid integration of the community into their new environment and culture.'

*Lisa Weeks,
Senior Grants Officer,
King's Fund*



GRANT GIVING

Support for Kurdish refugees

Kurdish refugees in need of psychological and social support are being helped by a new mental health project financed by the King's Fund.

Benefiting from one of 42 King's Fund development grants awarded in 2000, the scheme is for members of the Kurdish community who are suffering from mental illness and social isolation.

The work is being supported by the Medical Foundation and aims to help many members of the Kurdish community who have survived torture, imprisonment and chemical warfare.

Reaching out for better mental health

The King's Fund continued as a key partner in an innovative programme bringing services to people with severe mental illness in three London boroughs.

Working Together in London is one of three major programme grants funded in 2000. Also involving the Sainsbury Centre for Mental Health and the Department of Health, the initiative provides specialist services to people with severe and enduring mental illness through 'assertive outreach' teams. The teams make contact and work with people who have dropped out of the system due to previous bad experiences with health and welfare services.



DEVELOPMENT

Improving health through community regeneration

The King's Fund launched an exciting new health and regeneration programme in 2000 with the aim of maximising collaboration between health and local authority professionals for the benefit of whole communities.

To date, regeneration programmes have generally been led by local authorities and, as may be expected, have not made the most of the health sector. And health services have been looking inward at health care provision and so have been largely absent from regeneration programmes.

'Opportunities have been missed for partnership working and extra income to improve health and health care in more deprived areas. Our work aims to promote joint working between all parties,' said Teresa Edmans, King's Fund Health and Regeneration Programme Manager.



Raina Von Ahn (left) and Elizabeth Lee Reynolds (right), at Broadwater Farm Play Centre After School Club, a community regeneration programme

Primary care pilots tackle access

Greater awareness of the primary care needs of hard to reach groups such as mentally ill people, refugees and asylum seekers, and an awareness of the limitations of the single national contract for general practice, has resulted in the development of new types of primary care services, often with a stronger role for nurses.

The King's Fund has been examining the impact of one of these new models, Personal Medical Services Pilots, which allow much more flexibility in the way primary care services are run and administered. We have looked particularly at pilots led by nurses, usually employing a salaried GP, and these have shown they are popular with marginalised groups. The challenge is how to build on that without developing a two-tier system.

'There is a great deal to be learned from this thoughtful, realistic and ultimately optimistic appraisal of the early years of these nurse-led pilots.'

Sarah Mullally, Chief Nursing Officer, writing in the foreword of the King's Fund report Nurse-led Primary Care



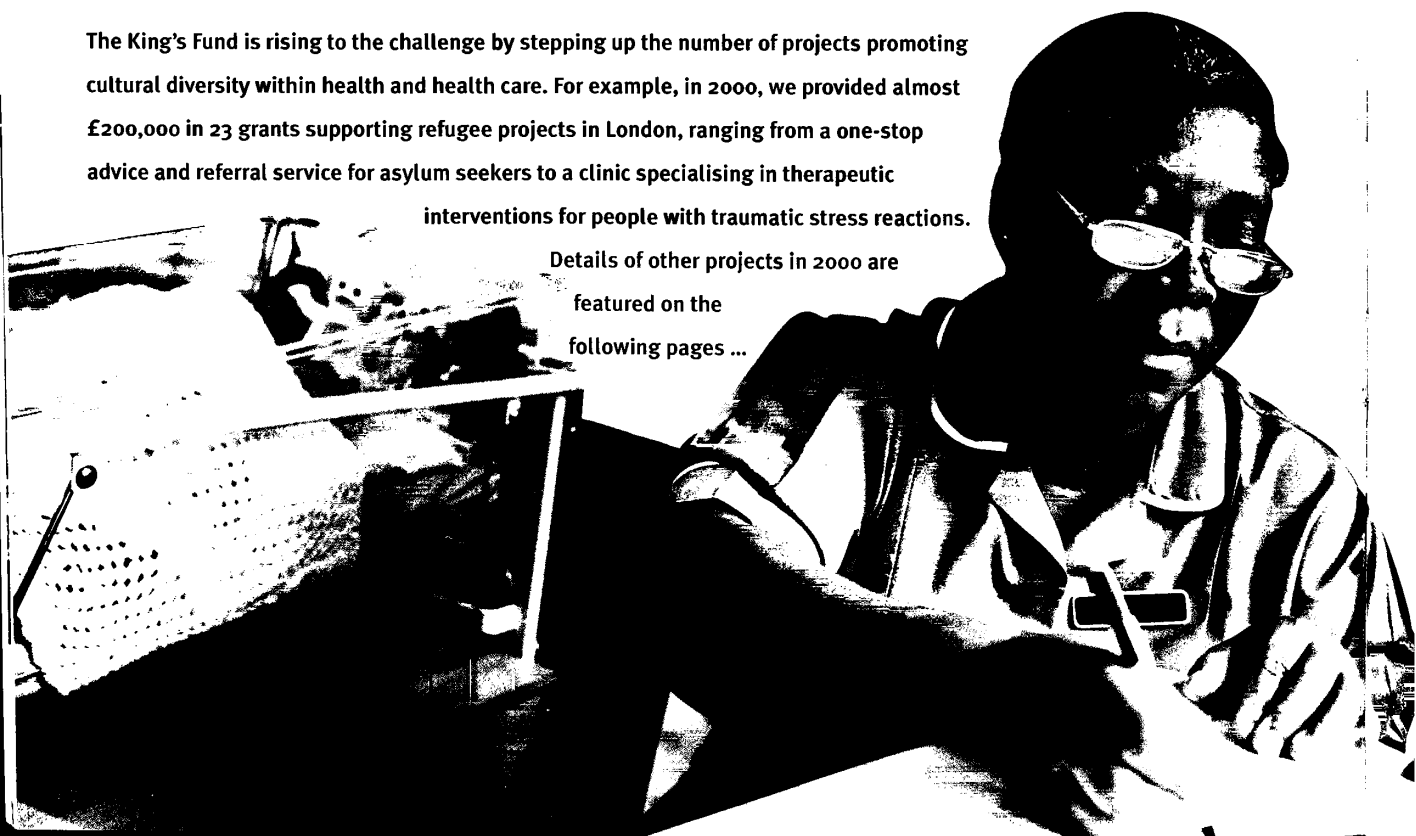
Promoting cultural

In the UK, one person in 16 is from a minority ethnic group. In London, that figure is nearer one in four, while in the boroughs of Brent and Newham, about half of all residents come from a minority ethnic group. This presents a huge opportunity in terms of the rich diversity we can bring to health and health services. But, with less than 0.1 per cent of top NHS nursing posts currently filled by black nurses, we still have much to do.

In terms of the care people from minority ethnic groups receive, we also have a long way to go. Although many health organisations do have a high level of cultural awareness and offer quality health care for minority ethnic communities, these services often exist on the margins of mainstream health care, with precarious, short-term funding. In the case of refugees, it often takes a major effort from within a community for their health needs to be met by local NHS services.

The King's Fund is rising to the challenge by stepping up the number of projects promoting cultural diversity within health and health care. For example, in 2000, we provided almost £200,000 in 23 grants supporting refugee projects in London, ranging from a one-stop advice and referral service for asylum seekers to a clinic specialising in therapeutic interventions for people with traumatic stress reactions.

Details of other projects in 2000 are featured on the following pages ...



diversity

working for 7
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health

RESEARCH

Support for asylum seekers

A report published by the King's Fund in 2000 claimed that new systems for asylum seekers and refugees were having adverse effects on their health.

The Health and Well-Being of Asylum Seekers and Refugees revealed that the use of vouchers to cover basic needs was having a particularly damaging impact.

The King's Fund has called on the Government to abolish the voucher system and replace it with cash entitlements for asylum seekers, and for the NHS to be given more resources to improve refugees' health and give them a better chance of leading an ordinary life.



POLICY

Tackling racism in medicine

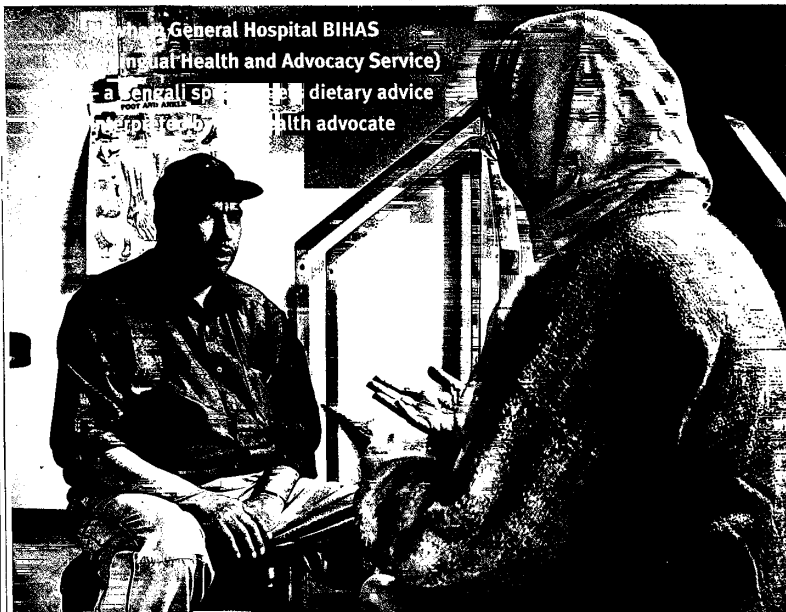
Work on a major new publication tackling racism in medicine and setting out recommendations for change was progressed during 2000, ready for a launch in 2001.

Racism in Medicine: An agenda for change uses a range of anecdotal accounts, historical perspectives and research to show how racism weakens the NHS and damages health. The book has the support of a wide range of people in public life including Michael Mansfield, QC, who has written the foreword, and Sir Donald Irvine, President of the General Medical Council.

'Racism in Medicine presents ample evidence of the racism and discrimination permeating our health service and particularly the medical profession. We hope that the book will go some way in tackling racism and discrimination wherever they are found in the NHS.'

*Naaz Coker,
Director of Race and Diversity,
King's Fund*

Promoting cultural id



'I have often been in situations when I haven't been able to find anyone who speaks Farsi. I can't take family members as it's too embarrassing for my son to get involved in explaining what my gynaecological problems are and what I want.'

Iraqi user of advocacy services in Enfield, North London

GRANT GIVING

Health advocacy on the map

The King's Fund announced a £1 million programme of work in October 2000 aimed at putting health advocacy for minority ethnic communities on the map in London.

The campaign to improve the health of some of the capital's most disadvantaged communities followed the first comprehensive survey of health advocacy services for minority ethnic Londoners. Survey findings were published in a King's Fund report.

Health advocates for London's minority ethnic communities embrace a range of roles, including interpreting, information provision, health education, advocating people's rights and informal counselling.

The programme aims to develop accredited training and a network for health advocates, as well as establishing quality standards for services.



DEVELOPMENT

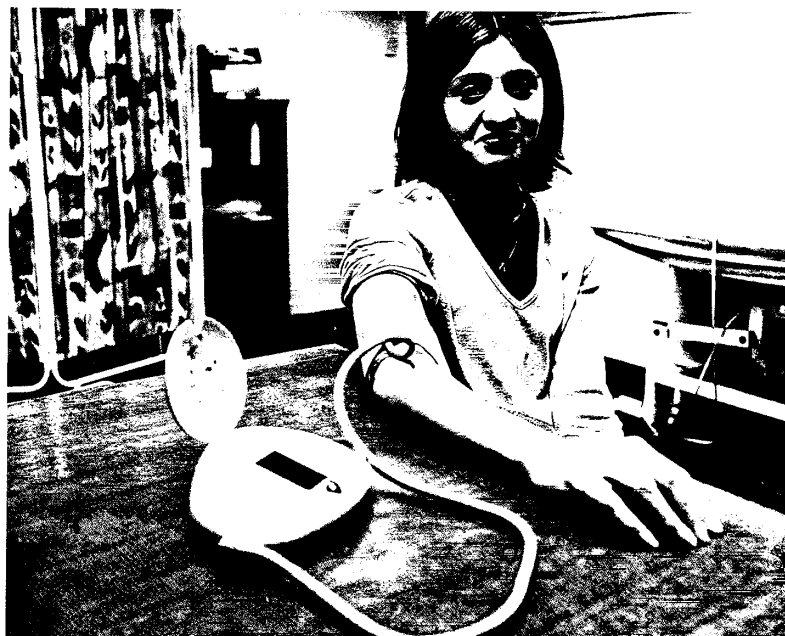
Improving primary care for minority ethnic groups

A major new guide was published by the King's Fund in 2000 to help primary care professionals improve the health of minority ethnic groups.

Improving the Health of Black and Minority Ethnic Groups includes practical case studies from primary care groups and individual GPs around the country. It also contains recommendations on how to make progress, from working with interpreters to providing the right training for all those working in a primary care setting.

'In Tower Hamlets, the benefits of regular cervical smears were explained to a group of Bangladeshi women invited along to a surgery, where an interpreter was on hand to explain the process. Many subsequently turned up for a smear test, bringing with them their children for immunisation.'

Shona Arora, GP and co-author of *Improving the Health of Black and Minority Ethnic Groups*



Redressing the leadership balance

The NHS employs a staff of more than one million, yet less than one per cent of senior managers come from black communities. To help redress this imbalance, the King's Fund has run a number of leadership development programmes to assist managers from minority and ethnic communities to compete equally in the senior management marketplace.

In 2000, the King's Fund piloted a national leadership development programme for GPs from black and minority ethnic groups, funded by the Department of Health. In 2001, the King's Fund is joining forces with the London Regional Office of the NHS to run a second leadership development programme for black GPs in London.

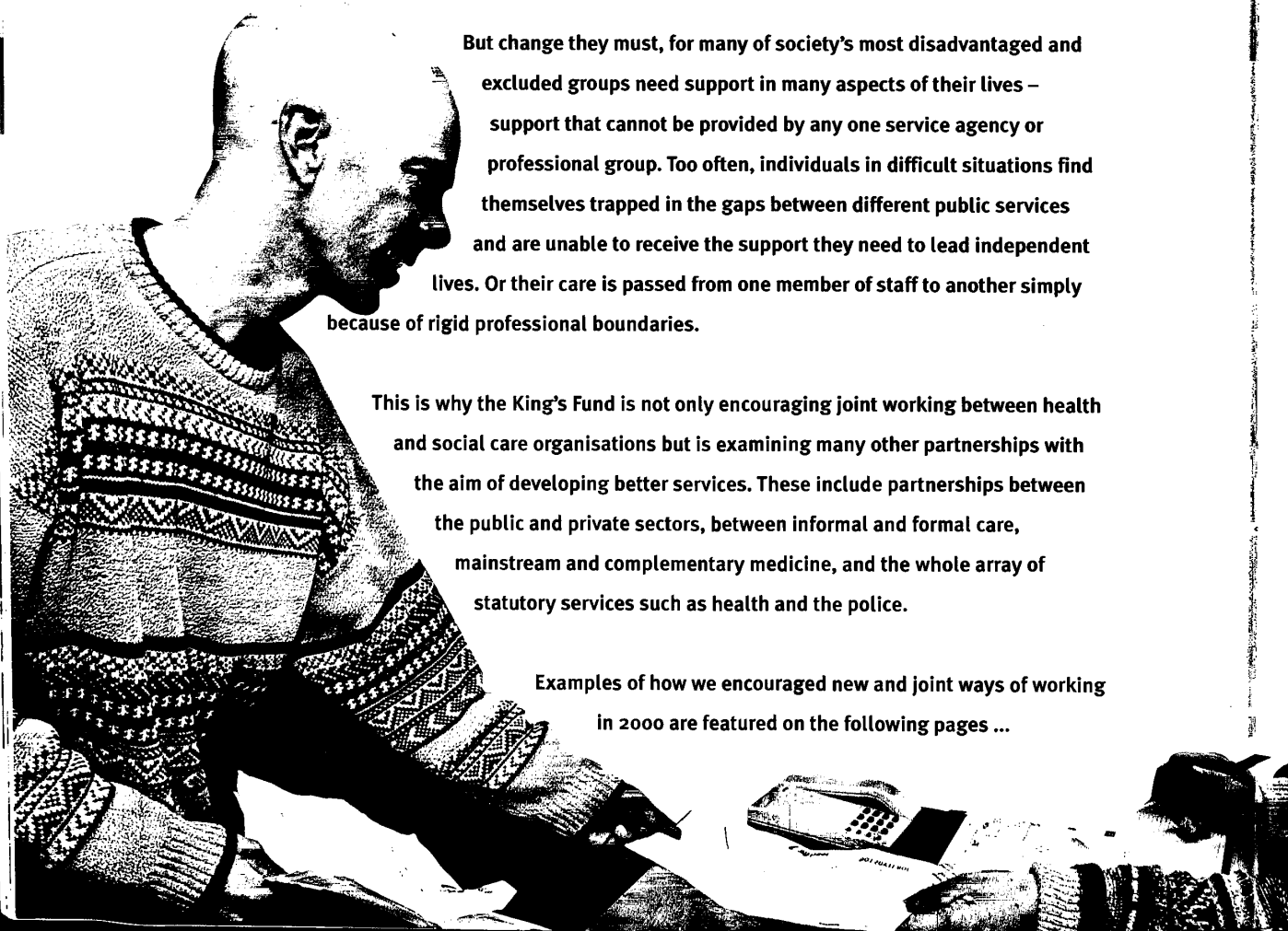
Partnerships and crossing

Staff in all service sectors have to work across organisational and professional lines in order to achieve better integrated care and support. Inevitably, difficulties will arise when people from different professional backgrounds and organisations work together. These may be caused by external factors such as a national reorganisation of services, or by a lack of funding that stretches good working relationships almost to breaking point. Very often it is the sheer frustration about the slow pace of change that prevents even the most enthusiastic of activists from maintaining momentum.

But change they must, for many of society's most disadvantaged and excluded groups need support in many aspects of their lives – support that cannot be provided by any one service agency or professional group. Too often, individuals in difficult situations find themselves trapped in the gaps between different public services and are unable to receive the support they need to lead independent lives. Or their care is passed from one member of staff to another simply because of rigid professional boundaries.

This is why the King's Fund is not only encouraging joint working between health and social care organisations but is examining many other partnerships with the aim of developing better services. These include partnerships between the public and private sectors, between informal and formal care, mainstream and complementary medicine, and the whole array of statutory services such as health and the police.

Examples of how we encouraged new and joint ways of working in 2000 are featured on the following pages ...



boundaries

RESEARCH

Tracking the progress of primary care groups

The King's Fund undertook several pieces of policy research into the progress of primary care groups and trusts during 2000. These include the National Tracker Survey (with the National Primary Care Research and Development Centre in Manchester). This work looked at the role of primary care groups and trusts in improving the health of communities, developing services for older people, and involving the public.

Both for policy-makers at the centre and practitioners on the ground, this work is revealing the achievements and obstacles PCGs face in areas such as the development of partnerships with health authorities.



POLICY

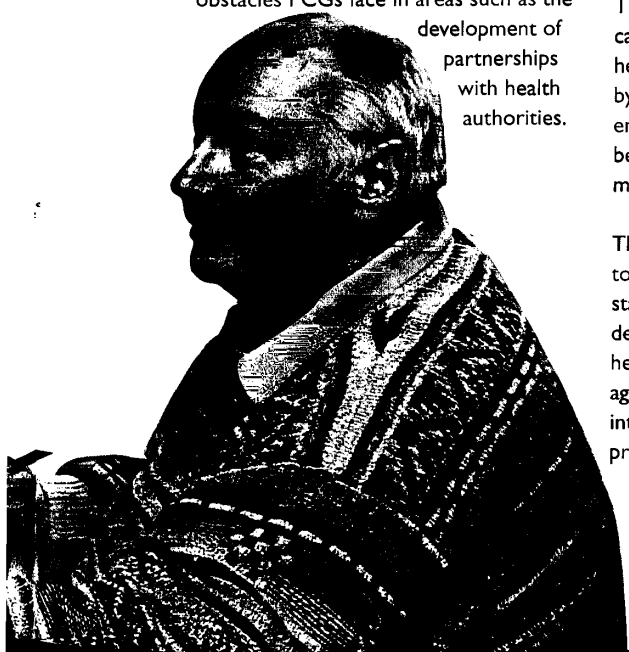
Quality support for carers

There is increasing recognition that carers are important partners in the health care system. Research published by the King's Fund in 2000 found encouraging signs that carers' issues are beginning to be incorporated into mainstream planning.

The Government is promoting support to carers through national quality standards that the King's Fund helped to develop. We are now working alongside health, local authority and voluntary agencies to introduce these standards into local commissioning and service provision.

'Statutory spending on services providing carers with essential time off has almost tripled from £14.4 million to £41.8 million in 2000/2001. Services are being tailored to the needs of the service user, with services provided at night, over weekends and delivered in people's own homes, as they prefer.'

*Penny Banks,
Fellow, Health and Social Care
Programme, King's Fund*



Partnerships and crossing



GRANT GIVING

Under one roof

A major King's Fund grant project on homelessness was successfully concluded in 2001.

Evolving from a one-stop shop providing a range of health and welfare services to homeless people in London, Under One Roof became a broker of partnerships that has uncovered many of the invisible gaps within services for this vulnerable group.

The results of the project will be published by the King's Fund in a final report in Autumn 2001.

Promoting a healing environment

The King's Fund is investing £1.5 million in a nurse-led programme of environmental improvements to patient areas in London's acute hospitals.

A £35,000 grant has been awarded to each of the acute hospital trusts in the capital to make either one or two improvements to promote patient well-being and foster a healing environment. The nurse-led multidisciplinary team chosen by each trust will attend a King's Fund leadership development programme designed to equip them with the knowledge and skills necessary to plan and manage their project.

'We are looking for improvements ranging from refurbishment of walls, curtains and furnishings, to introducing artworks, minor building works or landscaping.'

*Sarah Waller, Project Officer,
Promoting a Healing Environment,
King's Fund*

boundaries



DEVELOPMENT

Improving rehabilitation services

As a result of workshops sponsored by the King's Fund in 2000, rehabilitation services in nine different locations in the UK now have real potential for improvement.

The King's Fund Rehabilitation Programme encourages joint planning partners to work with local people to review where, and how effectively, rehabilitation is offered by local health and social care services.

More than 500 people, of whom 160 were users and carers who had direct experience of rehabilitation services, took part in the workshops last year. Aged between 65 and 85, some, mostly carers, were quite physically active, while others were very frail.

The workshops not only enabled a wide range of excellent ideas to be developed, but also brought together people who would not normally meet, to review and plan for the future.



Tackling the nursing shortage crisis

The recruitment crisis in nursing was highlighted in a King's Fund report published in Summer 2000. *The Last Straw: Explaining the NHS nursing shortage*, warned that the NHS nursing shortage would not be solved unless all aspects of nurses' working lives were improved.

The study revealed that nurses are leaving the NHS at a faster rate than they are being recruited. It showed that nurses are highly dissatisfied with many areas of their work. They feel frustrated that resource constraints affect their ability to care for patients.

'We know that nurses from black and minority ethnic groups suffer from discrimination and harassment at work, and others are complaining of inflexible working times and of problems in obtaining affordable housing. The NHS needs to make improvements on all these fronts if it is to recruit and retain nurses successfully.'

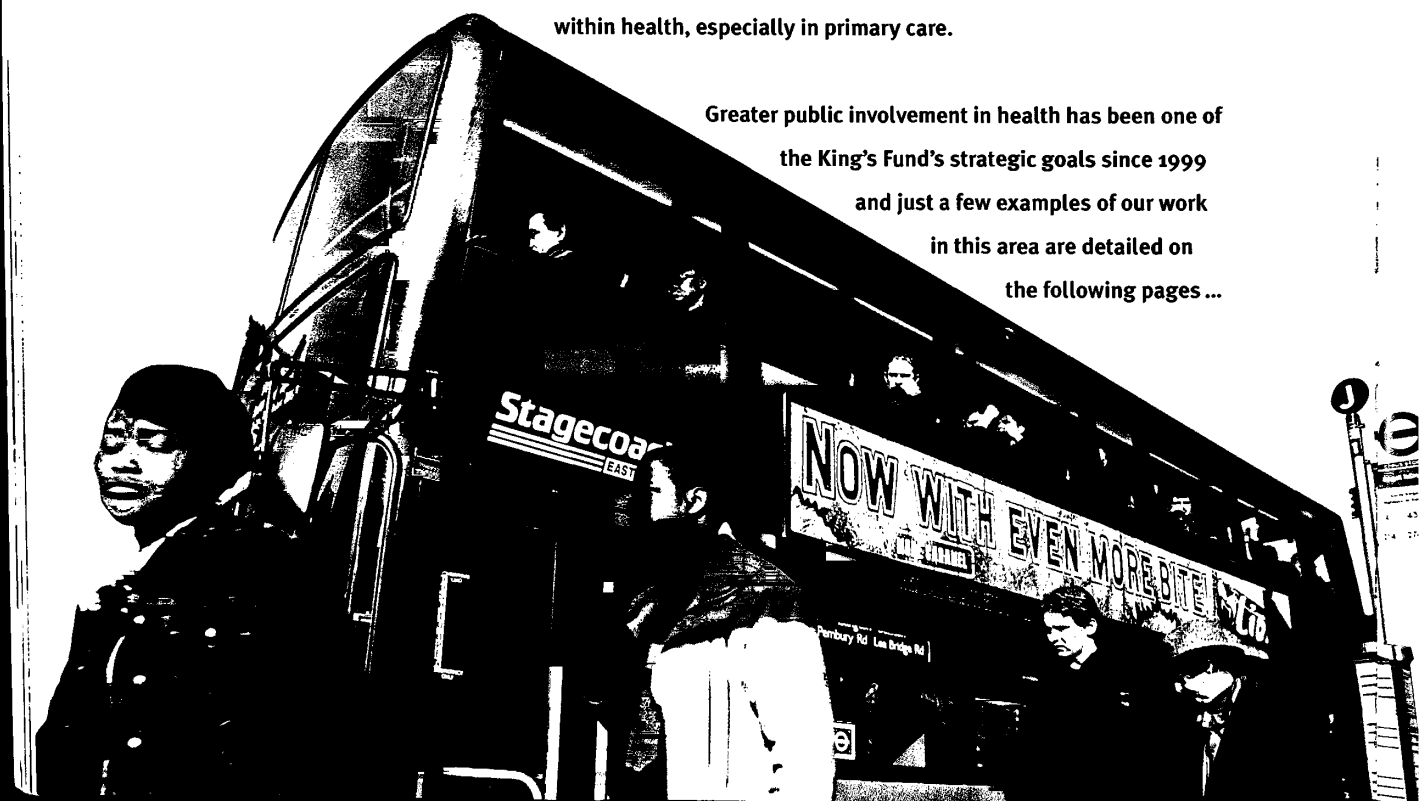
Sandra Meadows,
co-author of *The Last Straw*

Encouraging public involvement

In the past year, 'public involvement' has become the buzz phrase for those involved in public services – with a whole chapter of the NHS Plan devoted to making it a reality in health. The development of the NHS Plan saw the biggest ever public consultation exercise over the future of the NHS. Yet we are still a long way from truly meaningful involvement – from ensuring the individual patient is able to make his or her own informed choice about treatment options to reflecting the views and preferences of whole communities in plans for local health services.

Public involvement is one area where there is much to be gained through partnership working – it should be at the heart of all our public services and a focus for every member of staff who works in them. With a direct and democratic link to their communities, local authorities have led some of the most creative and effective public involvement developments, and their new role in scrutinising health services offers opportunities for greater collaboration in this area. There are already some excellent examples within health, especially in primary care.

Greater public involvement in health has been one of the King's Fund's strategic goals since 1999 and just a few examples of our work in this area are detailed on the following pages ...



e involvement

RESEARCH

The public's priorities for the NHS

Indicators of performance such as waiting list times and deaths from cancer are now produced for all NHS trusts and health authorities.

In 2000, research undertaken by the King's Fund in collaboration with TV production company Fulcrum and the polling organisation MORI, used the indicators to produce a 'sick list' of health authorities around the country to give better public access to this information. The ranking mirrored the underlying health status and socio-economic patterns of the country, with places like Oxfordshire doing well and Manchester performing poorly.

The results of this work were broadcast on Channel 4 in February 2000. A King's Fund report, *How Well is the NHS Performing?*, followed. Further work is being carried out to look more closely at involving the public in health service performance indicators.



Imagine London allows young people to have their say on health issues

POLICY

Imagine a healthier London

Imagine London is a five-year multimedia programme run by the King's Fund to give a voice to young people about the health issues affecting their city.

Many different projects are up and running from the launch of an interactive web site to the production of a series of one-minute videos that will allow young Londoners to broadcast their views on health issues.

In October 2000, young people who attended an event on transport called for the speed limit to be reduced to 20mph in built-up areas.

'Using drama sketches, young people showed how they see London in ten years' time if things don't change quickly. People wearing gas masks were confronted by bolshy drivers with road rage, and car accidents were taking place alongside people who were dying from pollution and asthma seizures.'

*Kate Healey, Imagine London
Programme Officer,
King's Fund*

Encouraging public involvement



Ife Piankhi and her daughter Kha'mara, from a local community project, Tony Banks MP and Rabbi Julia Neuberger, at the launch of the Millennium Awards

GRANT GIVING

Millennium awards

The King's Fund was selected in 2000 to distribute £1.3 million over the next three years to improve the health of Londoners.

The Millennium Commission chose the King's Fund to give away 300 separate grants to individuals in the capital.

The project is one of the latest initiatives to come out of the Millennium Awards Scheme, which is part of a £200 million programme of grants to individuals administered by not-for-profit organisations across the UK and funded by the Millennium Commission.

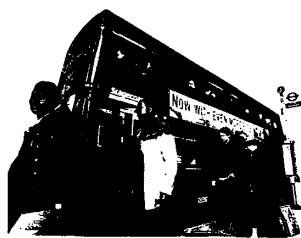
Foundation for Integrated Medicine

The King's Fund is investing £1 million over five years to enable the Foundation for Integrated Medicine (FIM) to set up a major programme of work to develop the regulation of complementary and alternative therapies, closely involving the public in the process.

The award, one of several special Millennium Grants made by the King's Fund in 2000, will allow the Foundation to work closely with the existing 150 registering bodies to develop either statutory self-regulation, or a single registering body for each major complementary therapy.

'Complementary and alternative therapies have grown rapidly since the 1970s but very little information is available to the public about their scope, limitations or hazards. As an independent body, the Foundation is in a unique position to address these issues of regulation.'

*Rabbi Julia Neuberger,
Chief Executive, King's Fund*



DEVELOPMENT

Getting involved in primary care

Public involvement in primary care groups continues to be an uphill task according to a King's Fund London-wide survey. Respondents to the survey cited lack of time and resources and professional reticence among the reasons for the slow progress.

We are now working with six PCGs in the capital to look at their approaches to involving the public and help them to share best practice ideas.



Listen to us

A King's Fund survey commissioned by the London Regional Office of the NHS Executive has found that the average Londoner cares far more about the health of his fellow metropolitan citizens than is commonly believed. The survey asked Londoners what they thought were the most important principles to guide a public health strategy for the capital.

Those who took part in the project believe that involving the public in moral debates about public health is essential to ensure legitimacy of the decision-making process.

'Coverage of the fuel crisis gave the impression that people were far more concerned about cheap petrol than about the interests of the wider community. Our poll suggests otherwise. It is vital that we have an opportunity to hear all sides of the argument before decisions are taken.'

**Anna Coote, Director of Public Health Programme,
King's Fund**

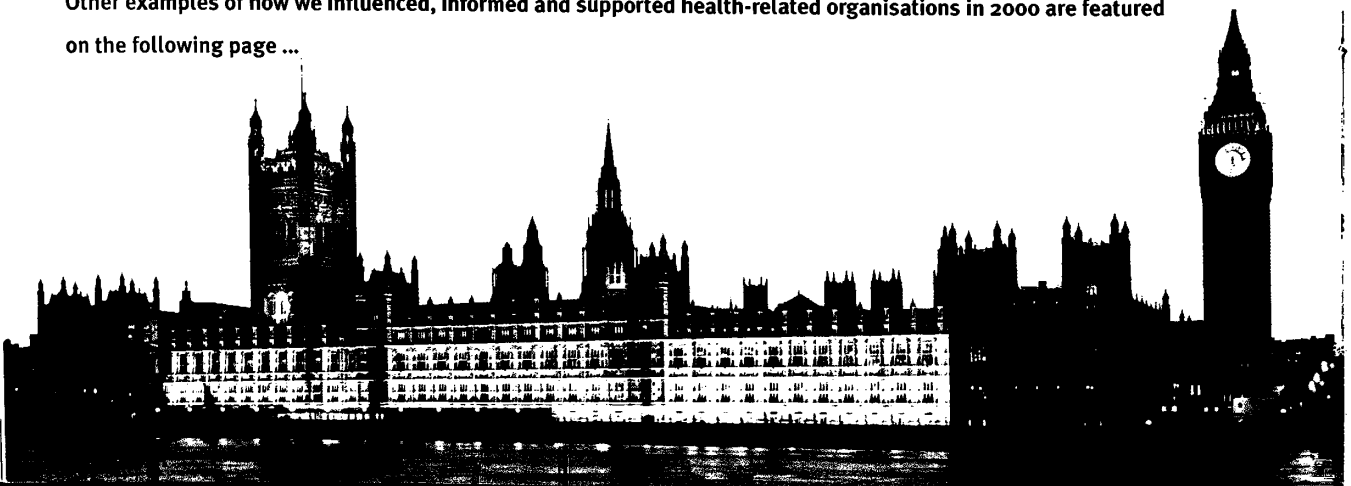
Influencing, informing a

More than ever before, the King's Fund has been at the forefront of major change and new thinking in health and health care over the past year – from involvement in national developments like chief executive Julia Neuberger's place on the NHS Modernisation Board, to leading the media debate on comparative spending on health care across Europe, and lobbying on free long-term care. With a new Government term just beginning, we are well placed to continue our key role in helping to shape public policy where it counts most.

Our ability to influence is linked in no small part to the resources and support we offer to everyone involved in health. In 2000, the King's Fund provided the venue for two major public announcements by the Secretary of State for Health and, in the same period, much needed meeting space and facilities for hundreds of small voluntary groups. Our Information and Library Service welcomed 6,500 visitors, and our specialist health and social care bookshop/café had its busiest year ever.

The King's Fund also offers major support and resources through our internationally recognised leadership development programmes. And with leadership a central theme of the NHS modernisation agenda, the impact and influence of King's Fund programmes continue to grow. In 2000, the King's Fund, working in partnership with the Management School of Lancaster University, was commissioned by the Leadership in the NHS Unit to provide a personal and management development programme for senior chief executives drawn from the NHS in England. We are also working with the London Regional Office of the NHS Executive to deliver a wide range of workshops, seminars, lectures and learning sets for all chairs and non-executive directors in the region over the next three years.

Other examples of how we influenced, informed and supported health-related organisations in 2000 are featured on the following page ...



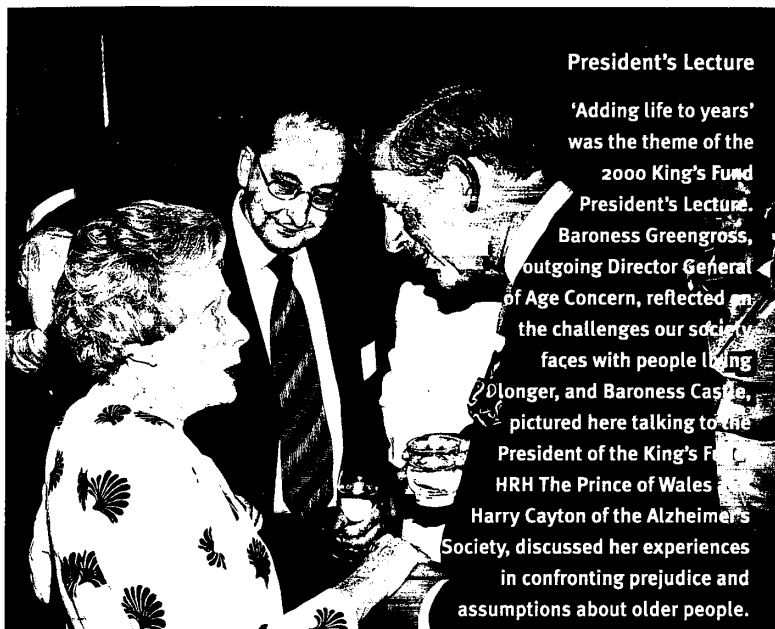
and supporting

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IN THE NEWS

The King's Fund continued to influence health policy and practice through the media and directly with politicians and policy-makers.

One King's Fund story to make the headlines was the claim in our health policy review, *Health Care UK* that hospitals built under the Private Finance Initiative did not take the needs of local people into account. The report raised fundamental questions about the value of PFI which, until that point, had largely been ignored in public and political discourse. Those questions have since become a central feature in the ongoing debate about the merits of PFI and the future of hospital building in the NHS.



President's Lecture

'Adding life to years' was the theme of the 2000 King's Fund President's Lecture.

Baroness Greengross, outgoing Director General of Age Concern, reflected on the challenges our society faces with people living longer, and Baroness Castle, pictured here talking to the President of the King's Fund, HRH The Prince of Wales, Harry Cayton of the Alzheimer's Society, discussed her experiences in confronting prejudice and assumptions about older people.

DEVELOPING LEADERS

Quality leadership programmes

The King's Fund has a long history of involvement in the management and personal development of leaders in health and social care.

In 2000, our Top Manager Programme was once again over-subscribed. The programme attracts health professionals and senior managers from throughout the UK and is renowned for its innovative approach to leadership development. A key element is the connection between personal values and the reality of leadership responsibility in today's health services. Many TMP participants use the programme to reassess their career and personal priorities.

INFORMATION

National electronic library

The King's Fund Information and Library Service was commissioned by the NHS Information Authority to produce a pilot national electronic library for health care managers

The project aims to support the content of the National Electronic Library for Health which is clinical in nature. The pilot scheme will ensure that health managers' information needs are met as well.

'The pilot offers access to over 700 evaluated web resources, as well as key topic briefings which link to important online sources of information. The project uses traditional librarians' skills of cataloguing and indexing to guide people to relevant, high quality information on the web.'

Lynette Cawthra, Information & Library Service Manager, King's Fund

20 Report of the Trustees

for the year ended 31 December 2000

Introduction

The Trustees submit their annual report and the audited financial statements for the year ended 31 December 2000. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities*, issued in October 2000, in preparing the report and financial statements of the King's Fund.

The King's Fund began its existence in 1897 from an initiative of the then Prince of Wales to allow for the collection and distribution of funds in support of the hospitals of London. The current organisation is governed in accordance with the King Edward's Hospital Fund for London Act 1907, which stipulates both the Objects and Management of the King's Fund (the Corporation), namely: *'The objects of the Corporation are to administer ... moneys or property held or obtained by the Corporation ... towards the support benefit or extension of the hospitals of London ... and to do all such things as may be incidental or conducive to the attainment of the foregoing objects'* and *'The direction and management of the affairs of the Corporation and the administration and distribution of property and income thereof shall ... be vested in the President and General Council'*. Furthermore, *'A majority of the members of the General Council present at a meeting of the President and General Council may ... delegate the power of the General Council ... to any committee constituted under this Act ...'*

Governance and Internal Control

The members of General Council of the King's Fund, the Trustees, are reappointed annually by the President, with whom they meet once a year in accordance with the provisions of the Act. The General Council is the principal governing organ of the King's Fund, but at its meeting on 15 May 1996 the following resolution was adopted: *'Subject to the approval of the President and until the General Council shall otherwise direct, with effect from and including 1 January 1997, all the powers of the General Council in relation to King Edward's Hospital Fund for London be delegated to the Management Committee of the said Fund, which shall duly report its activities to the President and General Council from time to time'*.

Day-to-day managerial responsibility is delegated to the Chief Executive and Directors of the King's Fund, who together constitute the Management Team.

The Management Committee and the Executive Committee, which comprises the Treasurer of the King's Fund and the Chairman and Vice-Chairman of the Management Committee, each meet at least four times a year. Members of the Executive Committee are reappointed annually by the President and members of the Management Committee are appointed for a five-year term, which may be renewed. The Investment, Audit, Remuneration and Grants Committees, whose members are appointed by the Management

Committee, meet on a regular basis and reports of those meetings are submitted to the next available meeting of the Management Committee. There are agreed Terms of Reference for all Committees.

In appointing or reappointing Trustees, and in particular members of the Management Committee, the President is advised by the existing Trustees, who have a responsibility to seek out and attract persons of appropriate skills and calibre to augment or replace current members.

Charity law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the King's Fund and of the net incoming or outgoing resources for that period. In preparing those financial statements, the Trustees have:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that are reasonable and prudent
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepared the financial statements on the going concern basis.

The Trustees have overall responsibility for ensuring that the King's Fund has appropriate systems of control, financial and otherwise. They are also responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the King's Fund.

They are also responsible for safeguarding the assets of the King's Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, and to provide reasonable assurance that:

- the King's Fund is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the King's Fund or for publication is reliable
- the King's Fund complies with relevant laws and regulations.

The systems of internal control, of which the Financial Regulations form a key component, are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a three-year Corporate Strategy, a one-year Operational Plan and an annual budget approved by the Trustees
- regular consideration by the Management Committee of financial results, variances from budget, non-financial performance indicators and benchmarking reviews
- delegation of authority and segregation of duties
- identification and management of risks.

The Trustees have, with advice from their auditors, undertaken a formal review to assess business risks and to implement risk management strategies. This involved identifying the types of risks the King's Fund faces, prioritising them in terms of

potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Trustees have reviewed, and acknowledged the adequacy of, the current internal controls of the King's Fund.

In addition, the Trustees have considered the guidance for directors of public listed companies contained within the Turnbull Report. They believe that although this is not mandatory, the King's Fund should, as a charity, adopt these guidelines as best practice. Accordingly they have:

- set policies on internal controls that cover the following:
 - consideration of the type of risks the King's Fund faces
 - the level of risks that they regard as acceptable
 - the likelihood of the risks concerned materialising
 - the ability of the King's Fund to reduce the incidence and impact on the business of risks that do materialise
 - the costs of operating particular controls relative to the benefit obtained
- clarified the responsibility of management to implement the Trustees' policies and identify and evaluate risks for their consideration
- made clear that employees have responsibility for internal control as part of their accountability for achieving objectives
- embedded the control system within the operations of the King's Fund so that it becomes part of the culture

- developed systems to respond quickly to evolving risks arising from factors within the King's Fund and to changes in the external environment
- introduced procedures for reporting failings immediately to appropriate levels of management and to the Trustees, together with details of corrective action being undertaken.

The Trustees, through the Audit Committee, have continued the contract with PricewaterhouseCoopers to provide an internal audit service to the King's Fund. Details of the internal audit reviews, which are undertaken in accordance with an agreed annual plan, and the findings arising therefrom, are reported to the Audit Committee. Arrangements are in place for an open exchange of information with the external auditors.

Financial Strategy and Reserves

The investment management strategy of the King's Fund is to maximise total return, namely income and capital growth combined, without taking excessive risks.

As a key component of that strategy, the King's Fund has established a budgetary target which limits net annual expenditure to no more than 5 per cent of the value of its investments. It is the intention that this target will be met by 2004.

To safeguard the longer-term financial well-being of the King's Fund and to underpin the strategy, the Trustees consider the level of reserves held at 31 December 2000 to be both prudent and justifiable.

Employee Relations

The King's Fund has a Staff Consultative Committee that meets regularly throughout the year and is supplemented by other meetings between management and staff. Such meetings ensure that employees are consulted on issues of concern.

The King's Fund has a comprehensive range of detailed personnel policies

and procedures, including an equal opportunities policy and a health and safety policy, both of which are underpinned by cross-Fund committees and management reporting. Policies and procedures are available to staff on the Intranet and are revisited on a rolling programme. In 2000, following staff consultation, a comprehensive sickness policy was introduced.

The King's Fund attaches importance to good employment practices and operates in the awareness that these play a part in promoting a productive working environment, have an impact on our wider reputation, and can help to avoid the unnecessary costs that flow from failure to deal effectively with staffing issues and problems.

Grant Awards

The following table shows a summary of the awards made by the Grants Committee at its five meetings during 2000. The awards, showing the name of the recipient and the amount, are grouped into major and minor categories, reflecting the nature of the grants. The period covered by the awards ranges from one to three years, with the exception of the Millennium Grants, which each cover a five-year period.

MILLENNIUM GRANTS

	£
Foundation for Integrated Medicine	1,000,000
Senior Lectureship at King's College	250,000
	1,250,000

PROGRAMME GRANTS

Mental Health in London	60,250
Regeneration and Health	500,000
HQS	185,000
	745,250

DEVELOPMENT GRANTS

Arts in Health

Chelsea & Westminster Hospital Arts	35,000
National Network for the Arts in Health	20,000
South Bank University	29,650

Improving the Patient's Experience

Centrepont	40,000
Citizen Advocacy Information and Training	39,000
Oak Foundation	35,000
Revolving Doors Agency	8,192
St Bartholomew's and the Royal London School of Medicine	23,689
St Mungo Association Charitable Trust	10,000
The North Middlesex Hospital	25,000

Equal Access to Health Care

Akina Mama wa Afrika	23,210
Brent Bereavement Project	23,440
Bromley by Bow Centre	15,500
City and Hackney Alcohol Counselling Service	11,330
Community Health Project	25,000
Kurdish Cultural Centre	40,000
Latin American Elderly Group	7,500
PACE	23,300
PRAXIS	34,590
SIGN	53,200
The An Viet Foundation	16,520
The City and East London Bereavement Service	21,000
Tomorrow's People	36,000
University of East London (Transport Studies)	24,775
Women in Secure Hospitals	15,000

Open category

BBC 'Kick the Habit'	30,000
Bright Red Dot Foundation	10,000
In Contact	5,000
Inter-Authority Comparisons & Consultancy	50,000
King's College London/Age Concern Institute of Gerontology	42,859
Millennium Commission (King's Fund Millennium Awards)	150,000
Open Door	36,020
Southwark Carers	30,844
University of Bath, Centre for the Analysis of Social Policy	28,668
University of Westminster	33,000

Strengthening the User's Voice

Alzheimer's Concern Ealing	27,812
Cancerlink	10,400
Community Links Bromley	26,500
In Contact	32,632
Lewisham Mental Health Foundation	30,075
National Schizophrenia Fellowship	27,865
Westminster Mental Health Advocacy Project	27,821
Total Development Grants	1,235,392

STIMULUS GRANTS

	£
Action for Sick Children	3,000
African Community Involvement Association	2,500
African Community Welfare Association	2,500
African People's Link	3,500
Age Concern Hammersmith & Fulham	4,764
Arts for Health	3,000
Asian Women's Forum	3,000
Better Life for Women and Families	1,000
Breast UK	2,000
Camden Play Service	1,500
Central Surgery Patient Participation Group	4,800
Chelsea Social Council	5,000
Chinese Counselling Association	5,000
Church of Our Lord Jesus Christ in the World	1,500
Congolese Youth Association	1,500
CREDO	1,000
Eastman Dental Hospital	3,776
Family Friends	2,000
Foundation for Women's Health Research & Development	5,000
Groundwork Southwark	3,000
Homeless Network	750
InterAct Reading Service	3,000
Kele Eshe Dance Theatre	1,000
Kurdish Disability Organisation	4,000
Lewisham Young Women's Resource Project	2,810
London Guildhall University, Sir John Cass Dept. of Art	3,950
London Play	1,000
Me Too	1,000
MENCAP Ealing	1,000
NACRO Crime & Social Policy Section	2,000
National Association for the Education of Sick Children	2,000
Nzambe Malamu Charity	3,000
Off the Record Richmond Upon Thames	2,500
Outside Edge Theatre Company	2,000
Pakistan Women's Welfare Association	2,000
Positively Women	1,000
Puntland Society	3,000
Sixty Plus	2,000
Somali Refugee Aid Projects	2,000
Somali Rehabilitation & Reconstruction Organisation	3,000
Somali Welfare Association	1,500
South London Congolese Association	1,500
South West London Probation Service	3,000
St Bartholomew's & the Royal London School of Medicine	4,501
St George's House	2,000
St Helier and Ravensbury Youth Action Group	3,000

	£
The Creativity Centre	750
The Society for Black Women & Children	1,095
Theodora Children's Trust	3,000
UK Health Equity Network (HEN)	3,000
University College London	4,680
University of Salford	3,500
Vanguard AIDS Information Service	5,000
Women's Health	2,500
West London Initiative on Single Homelessness	907
West London Churches Homelessness Concern	907
Kurdish Disability Organisation	500
Who Cares? Trust	500
Total Stimulus Grants	144,190

CONSULTANCY FUND

Befriending Network	3,434
CAF Philanthropy in London	9,300
Latin American Elderly Group	4,000
National Network for Arts in Health	2,230
Women in Secure Hospitals	7,000
	25,964

EVALUATION FUND

Brent Bereavement	15,000
Survey of Grant Applicants	7,200
Southwark Carers	10,000
	32,200

TOTAL OF GRANTS AWARDED IN 2000**3,432,996**

The long-term nature of many of the awards, up to three years, results in a balance outstanding at the end of each financial year. This is recorded as a commitment, as shown in Note 12 to the Accounts.

The table below shows a reconciliation between the balance brought forward from last year, the awards and payments during the year, and the commitments carried forward into 2001.

	£000
Commitments at 1 January 2000	1,716
Plus: adjustment in the year	100
Plus: awards in the year	3,433
Less: payments in the year	(2,027)
Commitments at 31 December 2000	3,222

Financial review

for the year ended 31 December 2000

Introduction

The following pages contain the full audited accounts of the King's Fund. They have been completed in accordance with the new Statement of Recommended Practice, issued in October 2000 for charity accounts, which has resulted in some changes in presentation, in particular to the Statement of Financial Activities. The figures for 1999 have been re-examined and presented in this new format, which places more emphasis on the income and expenditure relating specifically to the work of the King's Fund. Figures for earlier years, shown in the graphs opposite, have been restated to provide comparisons.

Outcome for the Year

In terms of the organisation and work of the King's Fund, 2000 was very much a year of consolidation, although changes in emphasis within Policy and Development saw the winding up of one programme and the initiation of a new one on Health Care Policy. A new Management Team, comprising all of the Directors of the King's Fund, was introduced in September to broaden input to key decision-making.

Total income for the year was almost £1.5 million below that of the preceding year and this change comprises three major components. The first is the loss of income from the Health Quality Service, which was established as a separate charitable company on 1 January 2000; secondly, there was a fall in investment income as the investment managers sought, but in 2000 failed to achieve, capital growth; and finally, partially offsetting the above, the further growth in Education and

Leadership Development revenue, which reflects the popularity of the programmes on offer.

Total expenditure in 2000 was almost £1.1 million more than the 1999 figure, which included costs of the Health Quality Service of nearly £1.5 million. The key contributors to this net increase were: a rise in the total of Grants payable, which includes the initial payments from the Millennium Grants; increased expenditure on Programmes and Projects as a number of mature assignments moved towards completion; and the additional costs of delivering the expanded programme within Education and Leadership Development.

There was a small drop in the average number of staff employed, including a net reduction of two posts in the higher earning bracket, resulting in the total wage bill being £0.4 million lower than the previous year.

The final outcome for the year, namely outgoing resources exceeding income by £4.6 million, was much as expected. Unlike previous years, however, the shortfall was not covered by capital growth in the market value of the investment portfolio of the King's Fund. Stock market volatility was abnormally high throughout the year and virtually all of the significant growth in the final quarter of 1999 was lost during 2000, and the value of investment securities at the end of the year was some 10 per cent lower than at the end of the previous year.

Income

Total income for the year amounted to £9.1 million, of which £4.5 million was generated from activities in

furtherance of the objects of the King's Fund and £4.6 million was derived from activities to generate funds, primarily from the investment portfolio. This compares with total income in 1999 of £10.6 million, of which £5.3 million represented investment and other income. Analyses of income by type are shown in Notes 3 and 4 to the Accounts. A comparison of income for the past five years is shown in Figure 1.

Expenditure

Total expenditure of the King's Fund was £13.7 million, compared with £12.6 million in 1999. A comparison of expenditure over the past five years is shown in Figure 2. An analysis of the charitable expenditure of the King's Fund is shown in Note 5 to the Accounts, and details of Grant awards in 2000 are shown on pages 22 to 23.

The average number of staff employed by the King's Fund during the year was 150, compared with 160 in 1999, of whom 20 (15 in 1999) were funded by grants from other bodies.

Assets

At 31 December 2000, the value of the net assets of the King's Fund was £165.1 million, a decrease of £17.1 million over the year. This decrease was largely due to the downturn in stock markets worldwide over the period, coupled with a withdrawal from investments of £3 million to defray revenue expenditure.

The composition of the total net assets of the King's Fund over the past five years is shown in Figure 3.

Fixed assets held for the King's Fund's own use, shown in Note 6 to the

Accounts, decreased from £18.4 million to £18.2 million as a result of depreciation charged over the life of individual assets. The investment securities decreased in value over the year by nearly £16.0 million to £141.6 million and the portfolio of agricultural property was valued at £4.3 million at 31 December 2000. Details of the portfolio composition are shown in Note 7 to the Accounts. At the year end, current assets exceeded current liabilities by £1.0 million.

The investment policy of the King's Fund is shown on page 21 and the composition of the investment portfolio at the year end is shown in Figure 4.

The Current Year – 2001

The final outcome for the year 2000 was clearly disappointing and the value of the investment portfolio has continued to fall in the year to date. The financial position of the King's Fund is being closely monitored and steps are already being taken to ensure achievement of the budgetary target by 2004, as set out on page 21.

The Treasurer gratefully acknowledges all donations, including legacies, received by the King's Fund during the past year.

William Backhouse

William Backhouse
Treasurer
25 April 2001

Figure 1: Income

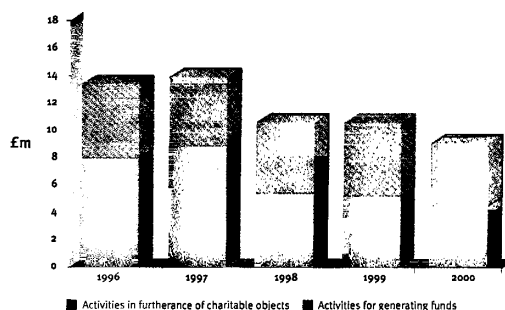


Figure 2: Expenditure

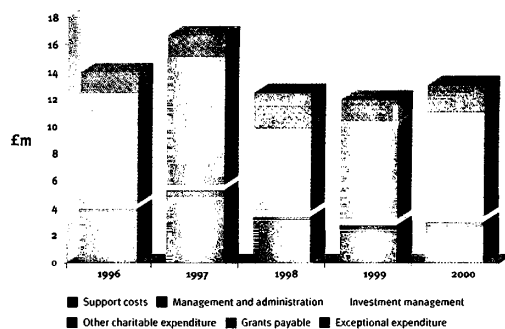


Figure 3: Assets

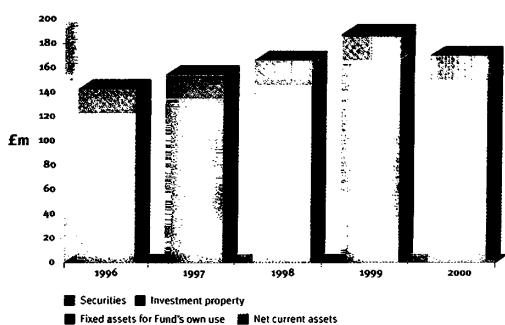
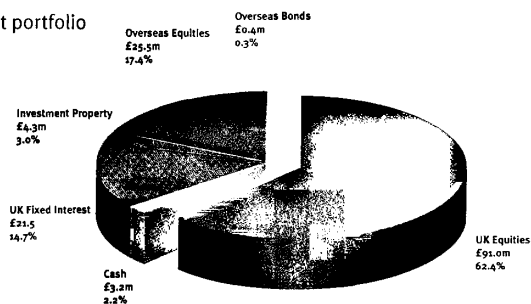


Figure 4: Investment portfolio



26 **General council**

President

HRH The Prince of Wales KG KT PC GCB

Honorary Member

HRH Princess Alexandra, The Hon Lady Ogilvy GCVO

The Lord Chancellor
The Speaker of the House of Commons
The Lord Bishop of London
The Chief Rabbi
The General Secretary of the Free Churches' Council
The Governor of the Bank of England
The President of the Royal College of Physicians
The President of the Royal College of Surgeons
The President of the Royal College of Obstetricians & Gynaecologists
The President of the Royal College of General Practitioners
The President of the Royal College of Pathologists
The President of the Royal College of Psychiatrists
The President of the Royal College of Radiologists
The President of the Royal College of Anaesthetists
The President of the Royal College of Ophthalmologists
The President of the Royal College of Nursing
The President of the Royal College of Midwives
The President of the Royal College of Paediatrics & Child Health
The President of the Royal College of Speech & Language Therapists
The President of the Institute of Healthcare Management
The Chairman of the London Regional Office
The Chairman of the South East Regional Office

Sir Donald Acheson KBE
Dr Dwoma Adu
Mr William Backhouse
Sir Roger Bannister CBE
Sir John Batten KCVO
Major Sir Shane Blewitt GCVO
Dr John Bradfield CBE
Dr Anthony Bryceson
Professor Sir Kenneth Calman KCB
Sir Timothy Chessells

Professor Anthony Clare
Sir Michael Colman Bt
Baroness Cox of Queensbury
Mr Michael Dobson
Sir William Doughty
Professor Charles Easmon
Professor Adrian Eddleston
Mr Marius Gray
Professor Andrew Haines
Miss Christine Hancock
Sir Graham Hart KCB
Professor Richard Himsworth
Sir Raymond Hoffenberg KBE
Lord Hussey of North Bradley
Sir Donald Irvine CBE
Dr Bobbie Jacobson
Professor Sir Brian Jarman OBE
The Countess of Limerick CBE
Lady Lloyd of Berwick
Dr Stephen Lock CBE
Mr Strone Macpherson
Lord McColl of Dulwich
Professor David Neal
Ms Mary Ney
Professor Sir Duncan Nichol CBE
Mr Leslie Paine OBE
Professor Sir John Pattison
Sir Michael Peat KCVO
Baroness Prashar of Runnymede CBE
Professor Lesley Rees
Sir John Riddell Bt CVO
Mr Bryan Sanderson CBE (*from 1.10.00*)
Sir Maurice Shock
Dr Richard Thompson
Mr Max Ward
Professor Albert Weale
Professor Jenifer Wilson-Barnett

Committee members

trustee 27
report
2000

Management Committee

Chairman Sir Graham Hart KCB
Vice-Chairman Sir Donald Irvine CBE
Treasurer Mr William Backhouse
Professor Adrian Eddleston
Professor Andrew Haines
Miss Christine Hancock
Dr Bobbie Jacobson (to 31.12.00)
Professor David Neal
Ms Mary Ney
Baroness Prashar of Runnymede CBE
Mr Bryan Sanderson CBE (from 1.10.00)
Professor Albert Weale
Sir William Wells

Executive Committee

Chairman Sir Graham Hart KCB
Vice-Chairman Sir Donald Irvine CBE
Treasurer Mr William Backhouse

Investment Committee

Mr William Backhouse, Chair
Dr John Bradfield CBE
Sir Michael Colman Bt
Mr Michael Dobson
Mr Valentine Fleming
Mr Marius Gray
Mr Strone Macpherson
Mr Max Ward

Audit Committee

Mr William Backhouse, Chair
Mr Michael Dobson
Mr Valentine Fleming
Mr Strone Macpherson

Senior Staff

Chief Executive
Rabbi Julia Neuberger
Director, Health Systems
John Appleby
Assistant Director, Resources
David Bewers
Director, Race & Diversity
Naaz Coker
Director, Public Health
Anna Coote

Director, Health Care Policy
Jennifer Dixon (from 1.9.00)
Director, Corporate Affairs
Ian Wylie (to 31.12.00)
Michelle Dixon (from 12.2.01)
Director, Grants
Susan Elizabeth
Director, Primary Care
Steve Gillam
Director, Effective Practice
Alison Hill (to 30.6.00)

Director, Resources
Frank Jackson OBE
Director, Education & Leadership Development
David Knowles
Director, Special Projects
Steve Manning
Director, Health & Social Care
Janice Robinson

Remuneration Committee

Sir Graham Hart KCB, Chair
Mr William Backhouse
Miss Christine Hancock
Sir Donald Irvine CBE
Sir William Wells

Grants Committee

Professor Albert Weale, Chair
Ms Ziggi Alexander
Mr William Backhouse
Dame Ann Bowtell DBE
Dr Muriel Buxton-Thomas
Mrs Sheila Hewitt JP
Sir Raymond Hoffenberg KBE (to 31.12.00)
Dr Bobbie Jacobson (to 31.12.00)
Ms Mercy Jeyasingham (to 31.12.00)
Mrs Anne Milner
Dr Parva Nayer
Professor Jennifer Wilson-Barnett

Senior Associates

Mr George Barlow OBE
Sir Cyril Chantler (from 01.01.01)
Baroness Cumberlege of Newick
Lord Harris of Haringey
Professor Rudolf Klein
Sir Alan Langlands (from 01.04.01)
Professor Julian Le Grand
Ms Catherine McLoughlin CBE
Ms Heather Rabbatts CBE (from 01.04.01)
Dr Maggie Semple (from 01.04.01)
Professor Tony Travers
Lord Turnberg of Cheadle
Ms Julia Unwin

Professional advisors

Bankers

Bank of England
National Westminster Bank Plc

Auditors

PricewaterhouseCoopers

Investment Managers

Securities:

Baring Asset Management Ltd
Schroder Investment Management Ltd

Property:

Cluttons Daniel Smith
CB Hillier Parker

Solicitors

Farrer & Co
Nabarro Nathanson

Quantity Surveyors

Burke Hunter Brown

Actuaries

Buck Consultants Ltd

Insurance Brokers

Heath Lambert Group

Donations & legacies

Donations

Her Majesty The Queen

HRH The Duke of Gloucester

D & W Backhouse
CASPE Research
AW Chester
CHKS Ltd
V Dodson
Forrester Trust
Lord Hayter
Rabbi J Neuberger
G Pampiglione
Albert Reckitt Charitable Trust
B & L Townsley
D & K L Welbourne
Wernher Charitable Trust
and other anonymous donors

Legacies

HR Arnold
A Heilbron
G Roland

Report of the Auditors

to the General Council
as Trustees of the King's Fund for the year ended 31 December 2000

trustees' ²⁹
report
2 0 0 0

We have audited the financial statements on pages 30 to 40.

Respective responsibilities of trustees and auditors

The Trustees of the charity are responsible for preparing the Annual Report. As described on page 20, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance. We have been appointed as auditors under section 43 of the United Kingdom Charities Act 1993, and report in accordance with regulations made under section 44 of that Act.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Charities Act 1993. We also report to you if, in our

opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are

appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs at 31 December 2000 and of its net outgoing resources and cash flows for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
No 1 London Bridge
London
SE1 9LQ

31 May 2001

30 Statement of Financial Activities

incorporating an Income and Expenditure Account
for the year ended 31 December 2000

		Restricted Funds		Unrestricted Funds		2000	1999
		Programmes and Projects	Capital Fund	Designated funds	General Fund	Total Funds	Totals
	Notes	£000	£000	£000	£000	£000	Restated £000
INCOMING RESOURCES							
Donations and legacies		-	-	-	10	10	21
<i>Activities in furtherance of the objects of the King's Fund</i>							
Programmes and Projects		855	-	34	174	1,063	1,021
Education and Leadership Development		-	-	-	2,438	2,438	2,014
Publication and Information Services		-	-	-	395	395	352
Other charitable activities		-	-	-	572	572	451
Government grants		-	-	-	50	50	250
Health Quality Service		-	-	-	-	-	1,160
Activities in furtherance of objects	3	855	-	34	3,629	4,518	5,248
<i>Investment income</i>							
Income from securities & cash assets		-	1,777	-	2,422	4,199	5,025
Income from properties		-	-	-	360	360	273
Activities for generating funds	4	-	1,777	-	2,782	4,559	5,298
TOTAL INCOMING RESOURCES		855	1,777	34	6,421	9,087	10,567
RESOURCES EXPENDED							
<i>Cost of generating funds</i>							
Cost of investment management		-	177	-	281	458	475
<i>Charitable expenditure</i>							
<i>Cost of activities in furtherance of the objects of the King's Fund</i>							
Grants payable		-	-	200	1,827	2,027	1,577
Programmes and Projects		1,455	-	409	1,580	3,444	2,483
Education and Leadership Development		-	-	-	2,339	2,339	1,914
Publication and Information Services		-	-	-	1,132	1,132	1,222
Other charitable activities		-	-	-	1,133	1,133	538
Health Quality Service		-	-	-	-	-	1,459
Activities in furtherance of objects		1,455	-	609	8,011	10,075	9,193
<i>Support costs</i>							
Support functions and depreciation		-	-	-	2,745	2,745	2,513
<i>Management and administration costs</i>							
Senior management and professional services		-	-	-	388	388	378
TOTAL RESOURCES EXPENDED		1,455	177	609	11,425	13,666	12,559
Net incoming/(outgoing) resources before transfers		(600)	1,600	(575)	(5,004)	(4,579)	(1,992)
Transfers between funds		(328)	(314)	5,580	(4,938)	-	-
Net incoming/(outgoing) resources		(928)	1,286	5,005	(9,942)	(4,579)	(1,992)
Net gains/(losses) on investment assets		-	(5,330)	-	(7,261)	(12,591)	23,458
Net movement in funds		(928)	(4,044)	5,005	(17,203)	(17,170)	21,466
Balances brought forward at 1 January		1,279	67,516	2,453	110,995	182,243	161,127
Prior year adjustment	12	-	-	-	-	-	(350)
Restated funds at 1 January		1,279	67,516	2,453	110,995	182,243	160,777
Fund balances carried forward at 31 December		351	63,472	7,458	93,792	165,073	182,243

NOTES

- a) HQS Limited was established as a separate charitable company limited by guarantee on 1 January 2000. The activities of the Health Quality Service are discontinued as part of the King's Fund from that date and have, therefore, been separately identified above to facilitate year on year comparisons.
- b) See Note 12 for details of prior year adjustments relating to Grants payable.

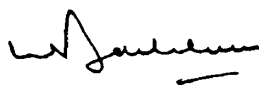
Balance Sheet

as at 31 December 2000

trustees' ³¹
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	Notes	£000	£000	2000 £000	£000	£000	1999 Restated £000
FIXED ASSETS							
Tangible assets held for the Fund's use	6		18,157			18,426	
Investments	7		145,886	164,043		161,964	180,390
CURRENT ASSETS							
Debtors	8	1,616			2,732		
Stocks		158			166		
Cash at bank and in hand		1,092	2,866		967	3,865	
CURRENT LIABILITIES	9		(1,836)	1,030		(2,012)	1,853
TOTAL NET ASSETS				165,073			182,243
FUNDS							
RESTRICTED FUNDS							
Programmes and Projects	10 & 11		351			1,279	
Capital Fund			63,472	63,823		67,516	68,795
UNRESTRICTED FUNDS							
Designated funds	10 & 12		7,458			2,453	
General Fund			93,792	101,250		110,995	113,448
				165,073			182,243

Approved by the Audit Committee on 25 April 2001 under the delegated authority of the Management Committee, and presented to the General Council on 22 June 2001.



William Backhouse
Treasurer

32 Cash Flow Statement

for the year ended 31 December 2000

	2000 £000	2000 £000	1999 £000	1999 £000
Operating activities				
Net cash outflow from operating activities		(3,239)		(2,384)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(123)		(777)	
Purchase of securities	(91,742)		(74,460)	
Sale of securities	95,197		72,173	
Receipts from sale of investment properties less costs	(17)		3,429	
Net cash inflow from capital expenditure and financial investment		3,315		365
Increase/(decrease) in cash in the year		76		(2,019)

NOTES TO THE CASH FLOW STATEMENT

	2000 £000	1999 <i>Restated</i> £000
Reconciliation of net outgoing resources to net cash outflow from operating activities		
Net outgoing resources	(4,579)	(1,992)
Depreciation of tangible fixed assets	392	396
Decrease in stocks	8	55
Decrease/(increase) in debtors	1,116	(522)
Increase/(decrease) in creditors	(176)	29
Prior year adjustment	-	(350)
Net cash outflow from operating activities	(3,239)	(2,384)

	At 1 January 2000 £000	Movement £000	At 31 December 2000 £000
Analysis of changes in cash during the year			
Investment cash	3,268	(49)	3,219
Cash at bank and in hand	967	125	1,092
	4,235	76	4,311

NOTE

See Note 12 for details of the prior year adjustment relating to Grants payable.

Notes to the Accounts

for the year ended 31 December 2000

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1 Basis of Preparation

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of listed investments and investment properties. They have been prepared in accordance with the Charities Act 1993, the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities*, published in October 2000, and applicable accounting standards.

The impact of the new SORP is principally presentational and the figures for 1999 have been restated to facilitate year-on-year comparisons. The revised accounting policy on Grants payable is stated below and the impact of this change in prior years is given in Note 12.

2 Accounting Policies

Donations and legacies

Donations and legacies are included when they are reliably reported as receivable and are credited to the unrestricted General Fund unless they are permanent endowments, in which case they are credited to the restricted Capital Fund.

Grants receivable

Grants receivable are accounted for in full in the year in which they arise. In cases where conditions attaching to their receipt have not yet been met, they are deferred to future accounting periods.

Investment income

Income from investments and securities is accounted for when dividends and interest are receivable and includes recoverable taxation.

Other income

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.

Grants payable

Grants payable are included in the Statement of Financial Activities in the period in which the conditions attached to the award have been met. Any payments not made in the year are recorded as liabilities on the Balance Sheet. This policy differs from that used in previous years and appropriate prior year adjustments have been made. See also Note 12.

Other expenditure

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

Costs of generating funds represent the fees paid to those charged with the management and custody of the King's Fund's investments, including property. Support costs represent the outgoings incurred directly in support of expenditure on the objects of the King's Fund and include the costs of maintaining the freehold premises at 11-13 Cavendish Square; common services including finance, personnel and IT; and depreciation on tangible assets. Management and administration costs are those incurred in connection with administration of the King's Fund, including the office of the Chief Executive, and compliance with constitutional and statutory requirements, including, where applicable, the engagement of professional advisors, e.g. auditors and lawyers.

Pension costs

The cost of providing pensions and related benefits is charged to the Statement of Financial Activities over the employees' service lives on the basis of a constant percentage of earnings, which is an estimate of the regular cost. Variations from regular cost, arising from periodic actuarial valuations, are allocated over the expected remaining service lives of current employees on the basis of a constant percentage of current and estimated future earnings. Any difference between the charge to the Statement of Financial Activities and the contributions payable to the scheme is shown as an asset or a liability in the Balance Sheet.

34 Notes to the Accounts

Tangible assets held for the King's Fund's use

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

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

Computer hardware and software	3 years
Office equipment	3 years
Plant and machinery	5 to 30 years

The expected useful economic life of each item of plant and machinery is determined by the independent consulting quantity surveyors retained by the King's Fund.

Freehold land and buildings held for the King's Fund's use are not depreciated. The King's Fund's buildings are maintained in a condition such that any depreciation charge would be immaterial. See also Note 6.

Investments

Investments are valued at mid-market prices at the Balance Sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

Investment properties are stated at their estimated value on an open market basis at the Balance Sheet date. Valuations are updated annually by the King's Fund's professional advisors.

Stocks

Stocks are stated at the lower of cost and net realisable value.

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.

Restricted Funds

Programmes and Projects The King's Fund receives grants from a range of bodies, including the Department of Health and a number of grant-giving organisations, to fund much of its work on Programmes and Projects. Attached to each grant are restrictions on the manner in which it is to be spent, usually associated with a project brief and tender submission. See also Notes 10 and 11.

Capital Fund The King's Fund has no power to spend the capital sum, which is required to be held in perpetuity to generate income to further the objects of the King's Fund. Income generated from the Capital Fund is transferred to unrestricted funds to offset expenditure.

Unrestricted Funds

Designated funds To recognise the longer-term nature of some of the projects it undertakes, the King's Fund has chosen to designate elements of its Unrestricted Funds for these specific purposes. See also Note 12. In addition, sums have been designated to reflect the commitment made to the Millennium Grants and to commitments arising from Grants Committee awards made in 2000 and earlier years.

General Fund The King's Fund has the power to spend capital monies, as well as income from investments, from its Unrestricted Funds.

3 Income from activities in furtherance of the objects of the King's Fund

	Grants	Education Programme Fees	Other	2000	1999
	£000	£000	£000	£000	£000
Programmes and Projects	846	—	217	1,063	1,021
Education and Leadership Development	249	1,820	369	2,438	2,014
Publication and Information Services	—	—	395	395	352
Other charitable activities	—	—	572	572	451
Government grants	50	—	—	50	250
Health Quality Service	—	—	—	—	1,160
	1,145	1,820	1,553	4,518	5,248

4 Investment income

	2000	1999
	£000	£000
Listed securities and cash assets	4,199	5,025
Properties	360	273
	4,559	5,298

The transitional tax credit included above was £371,000 (£787,000 in 1999).

5 Analysis of charitable expenditure

	Staff Costs	Other Costs	2000	1999
	£000	£000	£000	Restated £000
Grants payable	225	1,802	2,027	1,577
Programmes and Projects	1,561	1,883	3,444	2,483
Education and Leadership Development	1,018	1,321	2,339	1,914
Publication and Information Services	580	552	1,132	1,222
Other charitable activities	273	860	1,133	538
Health Quality Service	—	—	—	1,459
Sub Total	3,657	6,418	10,075	9,193
Support costs	1,148	1,597	2,745	2,513
Management and administration	212	176	388	378
Total Charitable Expenditure	5,017	8,191	13,208	12,084

Included in *Support costs* above:

	2000	1999
	£000	£000
Depreciation charged on tangible assets	392	396

Included in *Management and administration* above:

	2000	1999
	£000	£000
Trustees' indemnity insurance	9	6
Auditors' remuneration — external audit fees	30	23
— other services including internal audit	46	107

36 Notes to the Accounts

6 Tangible assets held for the King's Fund's use

	Freehold Land and Buildings £000	Plant, Machinery and Office Equipment £000	Computer Hardware and Software £000	2000 Total Assets £000	1999 Total Assets Restated £000
Cost					
At 1 January	14,789	4,528	286	19,603	20,829
Additions	58	54	11	123	777
Disposals	—	—	—	—	(2,003)
Adjustment	—	132	—	132	—
At 31 December	14,847	4,714	297	19,858	19,603
Depreciation					
At 1 January	—	1,008	169	1,177	2,784
Charge for the year	—	329	63	392	396
Disposals	—	—	—	—	(2,003)
Adjustment	—	132	—	132	—
	—	1,469	232	1,701	1,177
Net Book Value					
At 31 December	14,847	3,245	65	18,157	18,426
Previous Year	14,789	3,520	117	18,426	

The King's Fund's own use property, 11–13 Cavendish Square, London W1G 0AN, including plant, machinery, fixtures and fittings, is included in the Balance Sheet at its historic cost (£18,092,000) in accordance with the SORP. As required by FRS11 (Impairment of Fixed Assets and Goodwill), the King's Fund has obtained an appropriate existing use valuation of the property and the Trustees have taken the view that the surplus of the valuation over cost is not material. The King's Fund has also determined that both the estimated life of the building, at least 100 years, and the immaterial level of any depreciation in value, exempt it from depreciation charges, as provided within FRS15 (Tangible Fixed Assets).

7 Investments at market value

	Securities £000	Property £000	2000 £000	1999 £000
Investment properties	—	4,297	4,297	4,436
Securities: Listed	138,119	—	138,119	153,797
Unlisted	251	—	251	463
Cash	3,219	—	3,219	3,268
	141,589	4,297	145,886	161,964
Investments in the UK	115,725	4,297	120,022	130,911
Investments outside the UK	25,864	—	25,864	31,053
	141,589	4,297	145,886	161,964
Restricted Funds	63,472	—	63,472	67,516
Unrestricted Funds	78,117	4,297	82,414	94,448
	141,589	4,297	145,886	161,964
Market value at 1 January	157,528	4,436	161,964	141,935
Profit/(loss) on disposals	(7,773)	10	(7,763)	(177)
Net proceeds of property disposals	—	17	17	(3,429)
Other movements including revaluation at Balance Sheet date	(8,166)	(166)	(8,332)	23,635
Market value at 31 December	141,589	4,297	145,886	161,964

8 Debtors

	2000 £000	1999 £000
Trade debtors	684	1,718
Other debtors	189	371
Prepayments and accrued income	493	643
Loans	250	—
	1,616	2,732

9 Current liabilities

	2000 £000	1999 Restated £000
Grants payable	560	400
Trade creditors	361	609
Deferred income	426	533
Accruals	489	470
	1,836	2,012

10 Funds

	Restricted Funds		Unrestricted Funds		2000 Total Funds £000	1999 Total Restated £000
	Programmes and Projects £000	Capital Fund £000	Designated funds £000	General Fund £000		
Tangible assets for the King's Fund's own use	—	—	—	18,157	18,157	18,426
Investments	—	63,472	7,458	74,956	145,886	161,964
Net current assets	351	—	—	679	1,030	1,853
	351	63,472	7,458	93,792	165,073	182,243

11 Movements in Restricted Funds

	Balance at 1 January 2000 £000	Incoming resources and transfers in £000	Outgoing resources and transfers out £000	Balance at 31 December 2000 £000
PROGRAMMES AND PROJECTS				
Health and Social Care Programme	813	514	1,047	280
Effective Practice Programme	154	—	145	9
Health Care Policy Programme	—	40	17	23
Health Systems Programme	11	9	16	4
Primary Care Programme †	109	148	278	(21)
Public Health Programme	127	278	335	70
Non Programme Specific	65	—	61	4
Transfer to other Funds	—	—	18	(18)
	1,279	989	1,917	351

† Projects funded in arrears

38 Notes to the Accounts

	Balance at 1 January 2000	Incoming resources and transfers in	Outgoing resources and transfers out	Balance at 31 December 2000
	£000	£000	£000	£000
CAPITAL FUND				
Movements	67,516	1,777	177	69,116
Transfers to other Funds	—	—	314	(314)
Net losses on investment assets	—	—	5,330	(5,330)
	67,516	1,777	5,821	63,472
12 Movements in Unrestricted Funds				
	Balance at 1 January 2000	Incoming resources and transfers in	Outgoing resources and transfers out	Balance at 31 December 2000
	£000	£000	£000	£000
DESIGNATED FUNDS				
Policy and Development projects	737	344	409	672
Movement in Grants commitments	1,716	1,506	—	3,222
Millennium Grants	—	3,750	200	3,550
Transfers from/to other Funds	—	18	4	14
	2,453	5,618	613	7,458
	Balance at 1 January 2000	Incoming resources and transfers in	Outgoing resources and transfers out	Balance at 31 December 2000
	Restated £000	£000	£000	£000
GENERAL FUND				
Movements	110,995	6,421	11,425	105,991
Designation of Millennium Grants commitments	—	—	3,850	(3,850)
Movement in Grants commitments	—	—	1,406	(1,406)
Transfers from other Funds	—	318	—	318
Net losses on investment assets	—	—	7,261	(7,261)
	110,995	6,739	23,942	93,792

Prior Year Adjustment

The change from a payments to an accruals basis in the accounting for Grants payable required an adjustment to that component of the creditor balance in each of the two preceding years and a corresponding reduction in the balance of the General Fund. This adjustment has been estimated at £400,000 in 1999 (£350,000 in 1998).

Commitments

At 31 December 2000, the outstanding balance of Grants awarded by the Grants Committee and the Millennium Grants programme was £3,222,000 (£1,716,000 in 1999). These sums have not been included as liabilities as the conditions for payment have not yet been met but have been designated within the Unrestricted Funds.

13 Employees

	2000	1999 <i>Restated</i>
	£000	£000
Wages and salaries	4,291	4,625
Social Security costs	369	441
Pension costs	357	371
Total emoluments	5,017	5,437

	2000	1999
Average number of employees (including externally funded)		
Grants payable	8	7
Programmes and Projects	41	49
Education and Leadership Development	23	23
Publication and Information Services	25	28
Other charitable activities	7	6
Support functions	43	44
Management and administration	3	3
TOTALS	150	160

The above figures exclude salaries totalling £203,000 (£289,000 in 1999), paid to an average of six (eight in 1999) employees of the King's Fund whose employment costs were borne by CASPE Research.

	2000	1999
The numbers of employees with remuneration exceeding £50,000 were:		
£50,000 – £59,999	5	14
£60,000 – £69,999	9	3
£70,000 – £79,999	3	1
£80,000 – £89,999	–	–
£90,000 – £99,999	1	2
£100,000 – £109,999	–	1
£110,000 – £119,999	1	–

Contributions were made to the King's Fund Staff Pension and Life Assurance Plan, which is a defined benefits scheme, for twelve higher paid employees; to the NHS Superannuation Scheme, which is also a defined benefits scheme, for six higher paid employees; and contributions amounting to £4,081 (£3,829 in 1999) were made to a defined contribution scheme for one such employee.

14 Pension schemes

The King's Fund operates a funded defined benefits scheme that is contracted out of the State scheme and provides no other post-retirement benefits.

For those staff in the King's Fund Staff Pension and Life Assurance Plan the pension cost is assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The latest of the triennial actuarial valuations of the scheme was at 1 April 1998. The assumptions that have the most significant effect on the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The actuary assumed that the investment return would be 8 per cent per annum, that salary increases would average 6.5 per cent per annum and that present and future pensions would increase at the rate of 4 per cent per annum.

At the date of the latest actuarial valuation (using the traditional approach), the market value of the assets of the King's Fund Staff Pension and Life Assurance Plan was £20.8 million. The actuarial value of those assets was sufficient to cover 115 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the King's Fund and employees for 2000 were 11 per cent and 5 per cent respectively. The employer's contribution will increase to 12 per cent from 1 January 2001.

40 Notes to the Accounts

The King's Fund has delegated authority to allow members of the NHS Pension Scheme to remain in that scheme and some current staff took up that option on joining the King's Fund. The current rates of contribution for the NHS scheme were set by the Government Actuary at 5 per cent and 6 per cent for the employer and employee respectively. The former is to increase to 7 per cent from 1 April 2001.

The pension costs for the period were £357,306 (£370,531 in 1999).

15 Trustees' expenses

A total of £1,283 (£1,222 in 1999) was reimbursed to five (five in 1999) Trustees in respect of travel, subsistence and entertainment expenses incurred during the year. No Trustee received nor waived any remuneration during the year.

16 Health Quality Service

The Management Committee, at its meeting on 2 December 1999, agreed to certain commitments to the Health Quality Service after it was established as a separate charitable company limited by guarantee, HQS Limited, on 1 January 2000. These commitments are summarised below:

- a) The former King's Fund staff who are now employed by HQS Limited were transferred on 1 January 2000 under the TUPE Regulations, with their terms and conditions of employment unchanged. Although they ceased at that date to be the responsibility of the King's Fund, there are circumstances in which a continuing liability could theoretically arise. Principally these would involve an early, unforeseen business failure of HQS Limited and the resulting possibility of legal claims that the TUPE transfer was invalid from the outset. In the event of such a claim succeeding, the King's Fund would be obliged to resume its employer obligations towards its former staff. TUPE case law is still developing and the prospects of a claim succeeding would depend heavily on the timing and precise circumstances of any failure. In deciding its response to such a claim, the King's Fund would also need to take into account wider risks concerning its reputation and its stance on the quality and accreditation issues with which HQS Limited is associated. In the interests of prudence, a term of two years has been placed on potential claims of this kind.
- b) The King's Fund will make a further grant to HQS Limited in 2001, to support their work in developing services for London.
- c) The King's Fund will provide continuing support, by way of a loan at an agreed interest rate.
- d) The King's Fund will continue to act as guarantor for contracts entered into by HQS Limited in respect of premises and offices services.

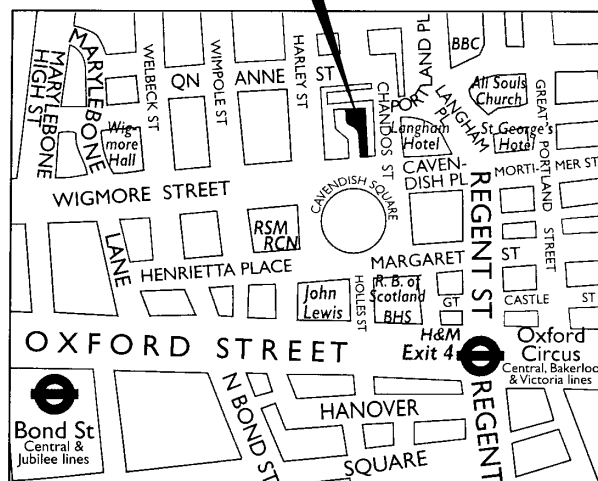
It is not practical to make estimates of the value of these commitments.

King's Fund



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King's Fund



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