

Trustees' annual report and accounts

**For the year ended
31 December 2015**



July 2016

Contents

Reference and administrative details	2
Message from the Chair and Chief Executive	5
Trustees' Annual Report	7
Objectives and activities	8
Achievements and performance	29
Financial review	33
Future plans	38
Structure, governance and management	46
Statement of Trustees' responsibilities	54
Auditor's report and accounts	55
Independent Auditor's Report to the Trustees of The King's Fund	56
Consolidated statement of financial activities	59
Balance sheets	60
Consolidated cashflow statement	61
Notes to the accounts	62

Reference and administrative details

Patron

Her Majesty The Queen

President

His Royal Highness The Prince of Wales

Board of Trustees

Sir Christopher Kelly (Chair)

Dame Ruth Carnall

Sir Sam Everington

Sir Thomas Hughes-Hallett [resigned May 2016]

Professor Sir Julian Le Grand

Mr Strone Macpherson (Treasurer)

Dr Aseem Malhotra [appointed July 2015]

Sir Jonathan Michael

Michelle Mitchell [appointed May 2014, resigned February 2016]

General Advisory Council

Dr Kamran Abbasi – Editor, Journal of the Royal Society of Medicine [appointed September 2015]

Lord Victor Adebawale CBE – Chief Executive, Turning Point

Dr Steve Alder – Consultant Neurologist, Plymouth Hospitals NHS Trust

The Lord Michael Bichard KCB – House of Lords

Dr Sam Barrell CBE – Chief Clinical Officer, South Devon and Torbay CCG

Dr Mark Britnell – Partner and Head of Health UK and Europe, KPMG

Dr Jane Collins – Chief Executive, Marie Curie

Emma Colyer MBE – Chief Executive, Body and Soul

Sir Liam Donaldson – Chair in Health Policy, Imperial College London

Professor Steve Field CBE – Chief Inspector of General Practice, CQC

Professor Julian Forder – Principal Research Fellow, Personal Social Services

Research Unit, University of Kent
Ceinwen Giles – Trustee, Shine Cancer Support and Point of Care Foundation
Jonathon Hope – Patient-Centred Change Consultant [resigned December 2015]
Paul Jenkins OBE – Chief Executive, Tavistock and Portman NHS Foundation Trust
Dr Nikita Kanani – GP and Bexley CCG clinical lead for integrated care
Sir Ron Kerr CBE – Chief Executive, Guy's and St Thomas' NHS Foundation Trust
Dr Partha Kar – Clinical Director of Diabetes, Portsmouth Hospitals NHS Trust
Dr Arvind Madan – Chief Executive Officer, Hurley Group
Jenny Owen CBE – Non-Executive Director, Royal Free NHS Foundation Trust
Ben Page – Chief Executive, Ipsos MORI
Dr Niti Pall – Chair and Clinical Lead, Pathfinder Healthcare Developments CIC
Sarah Pickup OBE – Deputy Chief Executive, Local Government Association
Jan Sobieraj – Chief Executive, United Lincolnshire Hospitals NHS Trust
Dr Emma Stanton – Chief Executive, Beacon UK
Jeremy Taylor – Chief Executive, National Voices

Senior Management Team

Chief Executive – Professor Chris Ham CBE
Director of Policy – Richard Murray
Director of Finance and Operations – Richard Scanlon [appointed July 2015]
Director of Leadership – Nicola Hartley [resigned May 2015]
Director of Leadership – Marcus Powell [appointed April 2016]
Director of Communications and Information – Rebecca Gray [resigned December 2015]
Director of Communications and Information – Patrick South [appointed March 2016]
Commercial Director – Jonathan Morris
Director of HR – Shirley Collier

Registered office

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

Charity number

1126980

Key advisers

Bankers

National Westminster Bank Plc
1 Cavendish Square
London W1A 4NU

Solicitors

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

Actuaries

Buck Consultants Limited
160 Queen Victoria Street
London EC4V 4AN

Auditor

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Investment Manager - Investment Portfolio

Stonehage Fleming Investment Management Limited
15 Suffolk Street
London SW1Y 4HG

Investment Advisers

Cambridge Associates Limited
80 Victoria Street
London SW1E 5JL

Investment Manager - Investment Property

Savills plc
33 Margaret Street
London W1G 0JD

Message from the Chair and Chief Executive

Much of our work in 2015 focused on explaining the causes of ongoing pressure in health and social care, assessing its impact on patient care and debating potential remedies, both short and long term. In an election year, and then in the run-up to the Spending Review, the need for this analysis was more acute than ever. Our engaging and wide-ranging content included award-winning digital resources – bringing more visitors to our website than ever before – publications and events.

The [Spending Review](#) provided additional funding for the NHS and recognised the pressures on social care. While this is welcome, it is not enough to put health and social care on a sustainable footing for the future and leaves services under huge pressure. The Fund is therefore continuing to call for a new settlement for health and social care, as recommended by the [Independent Commission](#) on the Future of Health and Social Care in England, led by Kate Barker.

The new models of care set out in the *NHS five year forward view* offer a positive vision for the future that could significantly improve care for patients; understanding how we make this vision a reality was a focus for the Fund in 2015. We held a [conference](#) in partnership with NHS England to explore the new models of care, featuring international case studies. This was followed by a [report](#) calling for fundamental changes to how health services are commissioned, paid for and regulated, underpinned by improved support for leaders. These policy-focused outputs have been supplemented by [our work with vanguard sites](#) to support the development of the new care models, and the leadership and governance models that will support them.

As well as considering what the future will look like, we have remained focused on how we can support those who are committed to improving care in the current system. One example of this is our report [Better value in the NHS: the role of changes in clinical practice](#), which looks back at past trends in NHS productivity and draws on evidence to illustrate a number of areas where NHS services can be improved in the future.

Developing and equipping leaders with the skills they need in the face of these tough financial and service pressures is an ongoing priority for the Fund. Our focus

on supporting the NHS to develop **collective leadership** strategies continued in 2015, alongside work on **system leadership**.

Turning to how we operate within the Fund, we have continued an ambitious organisational change programme. This encompasses new systems, business processes and organisational development initiatives, supporting us in our ambition to develop as a high-performing organisation.

During 2015 we developed a new **four-year strategy** for the Fund, talking to stakeholders, looking at the health and care environment and considering how our particular skills and knowledge can deliver the most impact. A firm commitment to our **independence** forms a foundation for the strategy, enabling us to remain objective and committed to evidenced-based analysis and proposals. Focusing on a range of goals and strategic priorities, the strategy is ambitious and responsive, and outlines a commitment to working in partnership with others to deliver our objectives. The strategy will hold us in good stead as we seek to improve health and care in England over the coming years.

We would like to record our thanks to Michelle Mitchell who served as a Trustee from May 2014 until February 2016 and to Jonathon Hope who sat on the General Advisory Council from 2013 until the end of 2015. During 2015 we welcomed Dr Aseem Malhotra as a new Trustee, Simon Fraser as a new member of the Investment Committee and Dr Kamran Abbasi who joined the General Advisory Council in September 2015.

Sir Christopher Kelly, Chair

Professor Chris Ham, Chief Executive

TRUSTEES' ANNUAL REPORT

The Trustees of The King's Fund are pleased to present their annual report for the year ended 31 December 2015.

Objectives and activities

Our vision, mission and values

The King's Fund is an independent charity working in England to achieve the vision that the best possible health and care is available to all by:

- undertaking research and analysis – our ideas, expertise and evidence will shape policy and practice
- developing individuals, teams and organisations – building capability to improve care
- promoting understanding of the health and social care system
- bringing people together to learn, share knowledge and debate.

Our values underpin the work we do:

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

Our charitable objects and working for the public benefit

As a registered charity, 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.

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. In approving these plans, the Trustees

are mindful of the Charity Commission's general guidance on public benefit. In particular, the Trustees consider how activities will contribute to the aims and objectives they have set. The major elements of these plans, and our achievements against them during 2015, are set out below.

Objectives for 2015

Our work in 2015 was guided by the priorities set out in our 2012–14 strategic plan. We extended this plan by a year, in light of the general election in 2015, with a commitment to undertake a strategic review after the general election. The priorities set out in the 2012–14 strategic plan were:

- shaping the future system (thinking differently about how care is delivered in the future; reform and performance)
- improving and integrating care for older people and people with long-term conditions
- contributing to the theory and practice of leadership in the NHS
- improving the patient experience and the quality of care
- supporting the NHS to improve productivity and efficiency
- preventing illness and improving health and wellbeing in communities
- developing as a high-performing organisation (added in 2014).

Steered by these priorities, our 2015 operational plan set out our objectives for the year. Our work in 2015 took place against a challenging backdrop for the health and care system: increasing financial and service pressures in a year dominated by two political events – the general election and the Spending Review. We focused on analysing these pressures, recommending short- and long-term remedies, and supporting those working to improve health and care. Based on this, we focused on four objectives where we aimed to have the greatest impact.

- **Objective 1:** Deliver a high-quality, coherent programme of work which achieves measurable impact in four areas towards our vision of improved health and health care.
 - Reflect and explain objectively the scale of financial and service pressures and their current and potential impact on patient care.
 - Ensure that leaders (including political leaders) recognise the need for radical transformation in the way care is delivered and funded and are inspired and informed by our work about how to achieve that.

- Support those committed to improving care within the limitations of the current system – specifically those engaged in better integrating care, commissioning or delivering greater productivity.
- Support the major cultural shift across the health system that is needed to have the kind of patient-centred services and system we want and will build capability in order to achieve it.
- **Objective 2:** Use our potential for influence in an election year by bringing people together, generating debate to make an impact on the nature of debate in the election and priorities of a new government.
- **Objective 3:** Progress our ambition to be a consistently high-performing organisation – investing time and resource in 2015 to develop our people, systems and ways of working.
- **Objective 4:** Ensure we have in place diverse and sustainable streams of funding to allow us to deliver a high-impact programme of work in 2015 and beyond while protecting our reputation and independence and delivering our charitable objectives.

More detail on what we have delivered in each of these areas is provided in the following sections of this report and there is a [digital timeline](#) available on our website.

Activities in 2015

Objective 1: Deliver a high-quality, coherent programme of work which achieves measurable impact in four areas towards our vision of improved health and health care

Our work in 2015 to meet this objective reflects the varied approaches we take to achieve our vision of improved health and care. We published a wide range of research and publications; delivered an ambitious events programme; created engaging digital resources; supported access to information and resources; and delivered thought leadership and leadership development programmes for individuals, teams, organisations and health systems. More detail on our work in this area is provided below, under the four sub-headings that are linked to this objective.

Time spent delivering this objective in 2015 accounted for more than half of the Fund's total staff time recorded against projects. The vast majority of this time was spent by teams who work under the categories 'Research and analysis'

and 'Developing individuals, teams and organisations' as set out in note 9 to the accounts.

Objective 1 a): Reflect and explain objectively the scale of financial and service pressures and their current and potential impact on patient care

In our 2014 Trustees' report, we described the following plans for 2015:

- explore key drivers of productivity by looking at examples of where better outcomes have been achieved at low cost
- continue to produce our quarterly monitoring report
- investigate current challenges in recruiting and retaining a quality workforce in the NHS and the main tools organisations have developed to overcome these challenges.

Our achievements against these plans

We kicked off the year with our [fourteenth quarterly monitoring report](#), our regular analysis of how the NHS is coping in the face of ever-increasing financial and service pressures. During 2015, the four monitoring reports we published highlighted deepening concerns about the financial state of health organisations and tracked progress against key performance indicators.

In the face of ongoing financial pressures, we looked at how the NHS could get better value from its budget by focusing on changes to clinical care. In July 2015, we held a [conference](#) and published a [report](#) that looked at how we can do this, drawing on trends in productivity data and hearing from experts and clinicians who are leading high-value services. The report was one of the most popular pieces of content on the website during the year.

We focused on another NHS pressure point – workforce planning – in April 2015. Our [report](#) argued that the workforce needs to respond to immediate needs but also to adapt to deliver the future care models outlined in the *NHS five year forward view* (Forward View), making recommendations for improvement.

Further work linked to this objective

Pressure on GPs was frequently in the headlines in 2015; at a [conference](#) in November, we examined the reasons for these pressures and explored innovative ways to address this.

In 2015, three major economic statements came from the government: a Budget in March, a post-election Budget in July and a Spending Review in November. Building

on evidence and recommendations set out in 2014, we called for funding to address the growing black hole in NHS finances and to avoid significant consequences for patient care. We also highlighted the impact of the social care funding gap. We submitted responses to the government, published briefings and blogs and held a number of events to highlight and debate this issue.

Our work to take forward the recommendations from the Commission on the Future of Health and Social Care in England was brought to the fore ahead of the Spending Review. More detail about this is provided in the following section.

Objective 1 b): Ensure that leaders (including political leaders) recognise the need for radical transformation in the way care is delivered and funded and are inspired and informed by our work about how to achieve that

In our 2014 Trustees' report, we described the following plans for 2015:

- follow up the work of the Commission on the Future of Health and Social Care in England; this will include work to identify the options for what a single commissioning route might look like in time to inform the approach of the next government
- carry out further work on the concept of an NHS transformation fund, looking at the scale of funding required and how this could most effectively be allocated
- produce a response to the Forward View, examining the policy changes required to effectively implement the proposed models of care.

Our achievements against these plans

Despite real pressures being felt across the system now – which need to be analysed and remedied – it's vital to maintain a focus on how health and social care needs to change in the longer term. In 2014, we established the [independent Commission on the Future of Health and Social Care in England](#) to ask whether the post-war settlement – which established separate systems for health and social care – remains fit for purpose. The Commission argued that change was needed, recommending a new settlement based on a single ring-fenced budget for health and social care and a single local commissioner.

We followed up on this recommendation during 2015. In February, we held a conference to look at how we can [move towards integrated commissioning](#), partnering with the Association of Directors of Adult Social Services.

In June, we published [Options for integrated commissioning](#), assessing the evidence of past joint commissioning attempts, the current policy framework and local innovations and considered which organisation is best placed to take on the role of single local commissioner. We held a [free live online event](#) to examine the options set out in the paper, a trial of this event format. It was hugely popular, so six online events are planned for 2016.

In 2015, the Commission on the Future of Health and Social Care in England reconvened to review progress one year on from its final report and in light of the government's decision to postpone its manifesto commitment to introduce a new cap on social care costs. The Commission [highlighted its concerns](#) about the lack of progress since their report was published and called on the Chancellor to take action on health and social care funding in the Spending Review.

During the year, we developed our thinking on how a transformation fund for the NHS in England could support essential changes to services. Working with the Health Foundation, we published a [report](#) that draws on analysis conducted by the two organisations, in particular six case studies of funding transformation, in the health sector and beyond, along with examples of local NHS initiatives. This formed a key plank of our work on the Spending Review.

In 2014, we welcomed the new models of care set out in the Forward View, while reiterating that funding commitments need to keep pace with this ambition. In 2015, we looked at how these new models could be implemented, holding a [joint conference](#) with NHS England in January and publishing a paper in February – [Implementing the NHS five year forward view](#) – calling for fundamental changes to how health services are commissioned, paid for and regulated to realise the ambition.

We are also working with NHS and care organisations to [support the development of the new care models](#) set out in the Forward View. This work has been commissioned by the new care models programme, which is a partnership of seven arm's length bodies, including NHS England and NHS Improvement. We are also leading a community of practice for the nine integrated primary and acute care system vanguards that aims to develop and share thinking on the leadership and governance of the new systems and on how to deliver effective cultural change.

In [Acute hospitals and integrated care](#) we looked at the different role envisaged for acute hospitals in the Forward View, supported by a conference later in the year. A number of events explored other proposed models of care, including an event on [multi-specialty community providers](#) and a conference on [enhanced health in care homes](#), which brought more than 200 delegates to the Fund from a broad range of audiences and the event hashtag was trending on Twitter.

Across many of our publications and events, we aimed to highlight case studies we can learn from. One example of this is our [case study](#) of Southcentral Foundation's 'Nuka' system of care, in which we analysed the factors behind Southcentral's achievements on health system redesign, drawing lessons for the NHS by focusing on issues with relevance to our system.

Further work linked to this objective

In a digital report – [The Future is now](#) – we explored future ways of changing health and health care for the better, inspired by examples that already exist in pockets across England and internationally. Featuring the voices of patients, volunteers, clinicians and managers, the report aims to inspire positive change by highlighting how today's innovations can help better health care to become the norm in the future. This was our first 'long form' report and it was well received, being the most-viewed publication in 2015.

Objective 1 c): Support those committed to improving care within the limitations of the current system - specifically those engaged in better integrating care, commissioning or delivering greater productivity.

In our 2014 Trustees' report, we described the following plans for 2015:

- focus on the role of clinical commissioning groups in primary care in the final year of our three-year programme of work with the Nuffield Trust
- publish a think-piece setting out the argument for population health systems as the next leg on the journey of integrated care, linking our expertise on public health and integrated care
- do further work on the integration of mental and physical health care and identify case studies to give practical guidance to those wishing to improve local provision
- investigate the decade of data from the inpatient survey to identify key trends, outliers and top performers and the lessons these provide the system for improving patient experience.

Our achievements against these plans

In January we published a [report](#) looking at the changing role of clinical commissioning groups (CCGs) in general practice, part of a joint three-year project by the Nuffield Trust and The King's Fund aimed at understanding CCGs. The report warned that they risk becoming unsustainable without changes to the way they attract leaders and adequate funding to help them expand their remit.

In February, we challenged those involved in integrated care and public health to 'join up the dots' and see integrated care as part of a broader shift towards improving population health. [Population health systems: going beyond integrated care](#) included examples from organisations and systems in other countries that are making this shift. We focused on this theme at our annual [integrated care summit](#) in October, bringing together more than 320 delegates to hear about international and national examples of where integrated care has extended into a concern for the health of all age groups and a focus on the impacts of the wider determinants of health.

At the end of the year we published a joint [report](#) with Picker Institute Europe, analysing data from inpatient surveys over a nine-year period, concluding that there is considerable potential for reducing variations in performance between trusts, as well as raising overall levels of performance.

Further work linked to this objective

Integrated care continues to be an important strand of our work; having built the evidence base and made the case for change, we are now focused on [working with system leaders and practitioners](#) to support them to deliver this. We continued our work with four communities – the second year of a three-year programme – combining learning network meetings held at the Fund with development support onsite within these communities. We continued to run and develop a number of successful integrated care learning networks and responded to requests for support from organisations seeking to re-design their care services. We also worked with a small number of chairs and chief executive groups (in place) to support them with their ambitions to work more collaboratively and beyond organisational boundaries.

In [Inequalities in life expectancy](#), we explored how the relationship between income deprivation and life expectancy has changed over time. The report emphasises the argument that addressing inequalities in life expectancy – and improving people's health more broadly – requires efforts across public services and local communities, not just health services. We explored one aspect of this in more detail through a new [learning network](#) on integrated housing, care and health, working jointly with the National Housing Federation. The network aims to bring together housing with care providers to share learning, develop understanding and improve links between these sectors. We also held a [conference](#) in partnership with Public Health England to discuss how public health and housing can work together to improve health and wellbeing.

A number of other events and reports delivered in 2015 related to our objective to support those committed to improving care within the limitations of the current system.

We published an update to our paper on [priorities for commissioners](#), with the aim of supporting commissioners to transform the health care system to focus on prevention, self care, co-ordination and integration.

We [analysed 20 mergers](#) involving NHS trusts and foundation trusts, concluding that improvement and transformation of services should be considered first and that there needs to be a more realistic assessment of the costs and benefits when mergers are considered.

In a [review](#) commissioned by the Secretary of State for Health, we considered how to assess the performance of health services within clinical commissioning areas, including how well these services work with social care and public health services, concluding that radical simplification and alignment of existing NHS performance frameworks is needed.

In September, our **urgent and emergency care conference** enabled attendees to look at how the system can change to better manage the rising demand for emergency care.

Our annual **patient experience conference** focused on how to improve the experience of care for the most vulnerable people.

We delivered a number of other conferences and events focused on improving the patient experience, including a joint event with the Alzheimer's Society on **dementia diagnosis and support**; an event on **delivering patient-centred care through pharmacy**; and a one-day conference that explored how we can **improve and develop community health services**.

Our annual two-day **digital health and care congress** explored how we can better use data and technology to deliver improved services for patients; the event sold out three weeks in advance, bringing almost 550 people to the Fund.

At the end of the year, our **annual conference** in 2015 brought together more than 300 delegates who came to the Fund to gain insight into how to address the current issues affecting health and social care.

Objective 1 d): Support the major cultural shift across the health system that is needed to have the kind of patient-centred services and system we want and build capability in order to achieve it

In our 2014 Trustees' report, we described the following plans for 2015:

- continue to deliver leadership development initiatives related to our work on collective leadership
- explore leadership for quality improvement as a theme through our collective leadership programme
- publish and speak on equality and diversity in NHS leadership, building on a piece of work for NHS England addressing diversity and inclusion in the NHS.

Our achievements against these plans

Our work to support leaders and build capability to transform health and care cultures focuses on three core elements:

- **collective leadership:** supporting NHS organisations to develop collective leadership strategies, starting with an assessment of their culture
- **clinical leadership:** developing clinical leaders' capacity to influence change within their organisation
- **system leadership:** supporting leaders across communities to develop new models of care.

During 2015, we have worked with a wide variety of individuals, teams and organisations to enable them to develop their cultures and to implement leadership strategies based on these elements, offering a unique blend of leadership expertise and knowledge of health care policy and leadership challenges. In 2015 we worked directly with 46 organisations on tailored leadership programmes that were commissioned by the organisations.

Our work with medical leaders continued in 2015; we held two development days; held five masterclasses on topics ranging from innovation to quality improvements; and launched a series of **guest blogs** from renowned medical leaders (Jonathan Fielden, Medical Director (Medicine) at University College London Hospital; and Anna Moore, Implementation Lead, i-THRIVE Partnership, and trainee psychiatrist, Cambridge and Peterborough NHS Foundation Trust).

Our fifth annual [leadership summit](#) provided an opportunity for senior leaders to share leadership, staff engagement and cultural change strategies that aim to deliver sustainable improvements in patient care. With our evolving work on patient leadership running as an important theme throughout the day, the event offered practical guidance on leading across systems, achieving collective leadership and overcoming the challenges leaders face with the future of health care.

We launched [The practice of system leadership: being comfortable with chaos](#) at the summit, a report written by Nick Timmins that draws on the experiences of 10 senior leaders to look in depth at the skills needed to be a system leader.

During the year, we completed work commissioned by NHS England to assess discrimination in the NHS workforce. In December 2015, we published a [summary](#) of the commissioned report, showing that very little progress has been made in the past 20 years to address discrimination against black and minority ethnic staff in the NHS. Our report described what action is needed at individual, team, organisational and national levels to change this.

Further work linked to this objective

In June 2015 we launched our [cultural assessment tool](#) at the NHS Confederation conference, enabling health and social care organisations to assess their current cultures. The tool can be used on its own, or in combination with a wider programme of support, to develop cultures of high-quality, compassionate and continually improving care. The tool is based on research spanning 20 years and is a collaboration between The King's Fund and Aston OD, a pioneer of team-based working. During 2015, we used the tool with three organisations to enable them to assess their culture and take steps to make changes where needed.

During 2015, we published two more papers from our practical '[leadership in action](#)' series. The first focused on staff engagement and encouraged NHS boards and other leaders to focus on staff engagement, suggesting six building blocks for ensuring a highly engaged workforce. The second was on talent management and encouraged organisations to adopt a holistic talent management and succession planning strategy and outlined the steps needed to adopt an effective approach.

Our [open programmes](#) remain popular and all programmes ran between 90 and 100 per cent full this year. A total of 394 participants completed one of our open leadership development programmes in 2015. The [GSK IMPACT Awards network](#) now has 109 members in 2015, representing 66 award-winning charities in the wider health and wellbeing community.

In March, we launched a new programme, [Leading collaboratively with patients and communities](#), which is designed for clinicians or managers and patient leaders from

the same local health and care system to work together on a shared challenge. Programme participants also have the opportunity to join a new national network of collaborative pairs, to contribute their experience to our shared learning about developing a new relationship between patients and professionals.

In January 2016, following work completed in 2015, we launched a **two-year programme with NHS Improvement** to help trusts to develop a culture that enables and sustains safe, high-quality, compassionate care. This programme will provide a series of online tools to support trusts to diagnose their cultural issues, develop collective leadership strategies to address them and implement any necessary changes.

In May 2015, we announced the overall winner of the **2015 GSK IMPACT Awards**, which are designed to recognise and reward charities that are doing excellent work to improve people's health. RESTORE, based in Oxfordshire, empowers people with mental health problems to recover, secure employment and lead meaningful lives. Along with the nine other winners, the charity received a £30,000 donation, two places on a unique training and development programme and an invitation to join the GSK IMPACT Awards Development Network.

Objective 2: Use our potential for influence in an election year by bringing people together, generating debate to make an impact on the nature of debate in the election and priorities of a new government

In our 2014 Trustees' report, we described the following plans for 2015:

- maintain our profile in the run-up to the general election by producing content that helps to shed light on key issues, clarify data and explain the context in which the election takes place from a health perspective
- carry out an audit of the coalition government's policies as well as looking at the performance of the NHS since 2010
- present the views of the public on the NHS in the context of the election, drawing on data from the British Social Attitudes survey
- run hustings (in partnership with other health organisations), dinners and seminars in the run-up to the election and promote our manifesto priorities
- prepare material for government to consider in the period immediately post-election to influence early decisions and the autumn Spending Review.

Our achievements against these plans

In January 2015 we published our annual [analysis](#) of the British Social Attitudes survey data on the NHS. This showed that, in 2014, public satisfaction with the NHS rose to its second highest level ever. With the NHS being a key issue in the general election, these results perhaps in part reflected an actual increase in satisfaction but also a desire among the public to show support for a health service under pressure.

This snapshot of public opinion on the NHS provided the backdrop for the launch of our general election content. During the year we published a wide range of digital content including:

- an [election tracker](#), which logged notable health and care-related announcements in the run-up to the election
- an interactive [manifesto infographic](#) showing the main pledges for England from the party manifestos across a number of policy areas – one of our most popular pieces of content from the year, with more than 35,000 views in the first four weeks after publication
- '[NHS in a nutshell](#)' – a short illustration of essential facts and figures
- '[The King's Fund verdict](#)' – articles giving our analysis of controversial or topical questions in health and social care

- short quizzes, blogs and slideshows.

In February we published the first of two reports that assessed the record of the coalition government on the NHS, with this [first report](#) focusing on the reforms of the Health and Social Care Act 2012. The report generated a great deal of interest, resulting in the highest number of visits to our website in one day (12,367 users) and much media interest. We published the [second report](#) in March; this focused on NHS performance from 2010–2015 and incorporated a popular set of infographics. Both reports were launched at well-attended press breakfast events.

We hosted a live health and care debate with the main parties' spokespeople in April, in partnership with the British Medical Association, NHS Confederation, National Voices, the Nuffield Trust and the Health Foundation. The event was streamed live on a micro-site devised and managed by the Fund, which received more than 9,500 visits.

Following the election in May, we set out [three health and social care priorities](#) that the new government should focus on, provided a commentary on its [first 100 days](#) and held a series of breakfast events on finances and devolution. Later in the year, we published a [briefing](#) ahead of the Budget and made a [submission](#) to the government on the Spending Review, warning that unless additional funding was found, a growing black hole in NHS finances could have significant consequences for patient care.

Overall, our work on the election brought many visitors to our website; website traffic was 54 per cent higher than in the same period in 2014. In October 2015, the Fund won four awards at the 2015 digital impact awards, including one for the 'best use of digital as part of integrated campaign' for our election work.

Further work linked to this objective

Much of our 'sense-making' work is designed to generate debate and, in 2015, aimed to influence the priorities of the new government.

In October 2015 we published an [animated guide to mental health care](#), encouraging people to consider mental health as a vital aspect of care across all health and care services. The animation was part of a broad programme of work focused on mental health; a [briefing](#) was published in November, bringing together data with wider intelligence to examine what is happening in mental health services, and a [conference](#) in September focused on increasing access to mental health care. This was followed by a [conference](#) in October looking at children and young people's mental health, run in partnership with national mental health charity Young Minds.

Our work on [devolution](#) is another strand of our sense-making work; we published

a [briefing](#) and a number of blogs to explore this new policy development, assessing key policy and implementation questions. We also published an interactive [timeline](#) detailing key milestones in the recent history of devolution and held a press breakfast briefing on the topic as part of the series of briefings focused on priorities for the new government.

Our objective to influence the priorities of a new government was very focused, with some very tangible activities planned and delivered. Only a small portion of our overall staff resources were used to deliver this objective in 2015. Staff from across the Fund were involved, but the majority of the time was spent by staff who work under the category 'Promoting understanding' as set out in note 9 to the accounts.

Objective 3: Progress our ambition to be a consistently high-performing organisation - investing time and resource in 2015 to develop our people, systems and ways of working

In our 2014 Trustees' report, we described the following plans for 2015:

- develop a new strategic plan for 2016 onwards, taking account of the external environment following the 2015 election
- complete the delivery of core elements of our internal change programme, following a review of our business systems and ways of working; the work of the programme will be handed over to a business function within the Fund to continue to support and improve the new systems and ways of working and embed the changes in the organisation
- implement a strategy to improve the way we manage our information and knowledge at the Fund, with a particular focus on improving learning and collaboration through the intranet and document management
- as part of our organisational development programme, work towards living the values we developed for our vision of a high-performing organisation
- progress two cross-Fund projects to look collectively at issues that impact on the full range of our work: one on patient involvement – looking at how we can bring a greater patient perspective and voice into our work; the second on equality and diversity – looking at both how issues of equality and diversity are addressed in our work programme and how the Fund itself can model best practice.

Our achievements against these plans

During 2015 we developed a [strategic plan for 2016-19](#), talking to stakeholders about the work we do now and what we might do in the future to ensure our particular skills and knowledge can deliver the most impact. The plan was published in December 2015. There are more details about the strategic plan in the 'Future plans' section of this report.

Work on our internal change programme continued, encompassing new systems, business processes and organisational development to support us in our ambition to develop as a high-performing organisation. Making these changes means that we will be better equipped to deliver what we have set out in our four-year strategic plan. During 2015, we delivered on the following aspects of the programme:

- introduced improved and standardised processes for how we manage our work

- developed a new intranet/enterprise social network and completed the early phases of a document management review and migration, with the aim of improving information-sharing and collaboration across the Fund
- launched an HR portal, delivering online leave requests and absence reporting and incorporating payroll
- improved support for high-quality appraisals through training, new documentation and the introduction of an individual feedback process – part of our efforts to embed continual feedback within our culture
- developed a behaviours framework related to our values, to help people working at the Fund to live the values we developed for our vision of a high-performing organisation
- continued to develop our engagement with staff including better staff involvement in annual and strategic planning and more visible alignment between organisational, team and individual objectives
- refreshed our induction process to better support new starters and provide more support for managers to achieve consistent induction experiences
- developed a new approach to learning and development, in response to feedback from staff
- launched a new model for people management, supported by a learning series and coaching programme
- started a review of all job descriptions to ensure we have a consistent and comprehensive approach that supports values-based recruitment.

Between 2012 and 2015 we began exploring two issues that impact on the full range of our work: patient, carer and public involvement; and equality and diversity. The aim was to look at how these issues are addressed in our work programme and how the Fund itself can keep up with and model good practice.

As part of this we are starting to develop our approach to involving patients and service users in our work. A number of individual work programmes are building our experience of working with patients. An expert-by-experience group was established as part of the independent Commission on the Future of Health and Social Care in England to ensure ongoing input and expertise from patients and carers. [Leading collaboratively with patients and communities](#) is designed for clinicians or managers and patient leaders from the same local health and care system to work together on a shared challenge. We have also continued to build our consultancy

support to the wider system in relation to patient leadership, working with a range of clients.

Following a successful staff engagement day, the cross-Fund group established to take this work forward is developing a series of tools that will be available to staff at the Fund to better support the involvement of patients, carers and the public in our work.

We have established a cross-Fund group to assess how issues of equality and diversity are addressed in our work programme and within the Fund itself. The group has had a number of exploratory meetings and will be doing further work in 2016.

Our support departments (as set out in note 9 to the accounts), notably Finance, Operations, ICT and HR, spent substantial amounts of their time delivering this objective in 2015, working with other teams across the Fund.

Objective 4: Ensure we have in place diverse and sustainable streams of funding to allow us to deliver a high-impact programme of work in 2015 and beyond while protecting our reputation and independence and delivering our charitable objectives

In our 2014 Trustees' report, we described the following plan for 2015:

- to look at alternative sources of income from new services and customers in 2015, with the full effects of these changes expected to be seen in 2016.

Uncertainty over future income and the need for greater efficiency have driven changes in our business plans over recent years. These drivers continue to exert pressure, and will continue to do so for the foreseeable future, so it is important that we have diverse and sustainable streams of funding to manage these challenges.

During 2015, we made two significant investments that will provide a solid base for delivering benefits and income in 2016. First, we purchased the premises at 7–10 Dean's Mews, which are adjacent to the Fund's offices in central London, and are developing these to expand the Fund's property portfolio and provide long-term investment income.

Second, we opened [The Green House](#), a significant addition to the [No.11 Cavendish Square](#) portfolio of conference and banqueting spaces. The space offers a contemporary café for the health and social care community during the day and a banqueting space in the evening, enabling us to offer our clients a modern and flexible space.

Further work linked to this objective

Our work to bring people together enables us to explore issues, share learning and devise solutions. Some of our activities generate income – specifically the work of the Events, Corporate Partnerships, Venue Management and Facilities teams – providing a significant part of the Fund's overall income and so supporting the Fund to deliver our mission to improve health and health care in England.

We ran an extensive events programme in 2015, including conferences, an international congress, lectures and seminars. Highlights are covered earlier in the report and include:

- the [digital health and care congress](#) – a two-day event that sold out and generated 546 registrations across the two days

- the **integrated care summit**, which showcased international and national examples of where integrated care has extended into a concern for the health of all age groups and a focus on the impacts of the wider determinants of health
- a **conference on integrated commissioning**, held in partnership with Association of Directors of Adult Social Services, to widen our audiences and reach
- a successful trial of a new online event format to explore the **options for integrated commissioning**, resulting in more online events planned for 2016.

Our commercial venue, **No. 11 Cavendish Square**, provides high-quality venue space for organisations in the health and social care sectors. In 2015, we hosted more than 2,300 meetings, conferences and events, ranging from large-scale AGMs and national conferences to weddings and round-table meetings.

Our **Corporate Partnerships** programme aims to build on the synergies between the Fund's areas of interest and our partner organisations' expertise. In 2015, we welcomed two new corporate partners and seven new supporters. We hosted a successful business networking event and a series of four health policy briefings for our member companies.

Time spent delivering this objective in 2015 accounted for approximately one-third of the Fund's total staff time recorded against projects. The majority of time was spent by staff who work under the category 'Other trading activities' and 'Bringing people together' as set out in note 9 to the accounts, supplemented by income-generating work from other teams.

Achievements and performance

We measure our progress throughout the year, considering the impact and reach of our work, management of our resources and delivery of the operational plan.

Assessing our impact and reach

Data

Although it is challenging for an organisation that is 'one removed' from direct patient care and policy-making to measure our impact, we can use a number of valuable proxies.

We regularly look at the impact of our work, both for specific project outputs and for the Fund overall, in particular whether we are able to reach our intended audiences. Data reviewed includes 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 regular communications from the Fund.

Looking across these measures for the Fund overall, more people than ever engaged with our content. Across the year, an average of 142,605 users visited our website every month, a 34 per cent increase on 2014. Our work to shed light on key issues ahead of the general election was a key factor in this rise, with our general election tracker proving to be a popular piece of content with more than 70,000 unique page views.

Alongside our general election content, the most popular content¹ from the year was:

- [*Better value in the NHS*](#) (11,184 users)
- [*An alternative guide to mental health care*](#) (10,527 users)
- [*The NHS under the coalition government: part one: NHS reform*](#) (9,904 users)
- [*The practice of system leadership*](#) (9,046 users)
- [*Options for integrated commissioning: beyond Barker*](#) (8,087 users)

1. The number of users who viewed one or more pages associated with a project in the first four weeks after publication

Our high-profile work around the election also meant that our media coverage increased significantly, by more than a third compared to 2014.

The number of people we reach via social media and marketing emails also increased:

- our Twitter followers rose by 42 per cent to 85,000
- we are now sending out twice as many emails than we were two years ago (nearly 5 million emails in 2015), with improved open rates.

Our **Information and Knowledge Services (IKS) team** continued to grow its internal and external facing services with an increasing number and range of commissioned evidence searches for external clients. The number of subscribers to the **alerts** produced by the team has increased by around 10 per cent over the course of 2015, with subscribers to the integrated care bulletin increasing by 20 per cent.

The IKS team also continued to digitalise all of the Fund's publications going back to our launch in 1897. More than 1,200 documents – more than half of the total – are now fully searchable from The King's Fund website, and this work will continue in 2016. The **digital archive** will be central to plans for The King's Fund's 120th anniversary in 2017.

Our events team ran an extensive range of events in 2015, including conferences, an international congress, lectures, seminars, and workshops. We welcomed 5,079 delegates to more than 25 conferences and events, a 19 per cent increase on 2014 delegate numbers, and increased our income from events by 19.8 per cent compared to 2014.

Our leadership development programmes continued to support NHS leaders, working with individuals, teams and organisations from across the health and care system to support the delivery of high-quality care. Our open programmes continue to be popular and, in 2015, 394 participants completed one of these programmes. Many others benefited from our bespoke programmes; during 2015, we worked directly with 46 organisations on tailored leadership programmes that were commissioned by the organisation.

Our venue – No. 11 Cavendish Square – continues to go from strength to strength. In a year which saw the successful launch of The Green House café and banqueting space, we hosted approximately 82,800 guests at more than 2,300 meetings, conferences and events.

Stakeholder surveys

Every two to three years we commission research to test key stakeholders' perception of our value and ability to influence change. In 2015 our research focused on local leaders – chief executives of NHS providers, clinical commissioning group leaders, medical directors and directors of adult social services – with the aim of improving our understanding of their knowledge of our work. The results showed a positive picture across all groups and that our work was valued and respected. Areas for development included being more innovative; holding more online events; and broadening the range of people we work with.

The results were combined with feedback from staff, Trustees, members of our General Advisory Council and our senior management team about the impact of our work over the past four years and what impact we want to achieve in the future. This intelligence was then used to develop our 2016–19 strategic plan.

Awards

In 2015, we were proud to be awarded and shortlisted for a number of awards for the specific industries we work in:

- 2015 digital impact awards
 - best in-house digital team award
 - best use of digital in the health care sector award
 - best use of digital by charity/non-governmental organisation/not-for-profit award
 - best digital as part of integrated campaign award (for our general election work)
- UK Public Sector Communications Awards
 - shortlisted for Publication of the Year award for *The future is now* report
- Professor Michael West, Head of Thought Leadership at the Fund, won a President's award for outstanding lifetime achievement at the 2015 Healthcare People Management Association awards
- awarded Carbon Smart Gold accreditation in April 2015, demonstrating the action we have taken to manage our environmental impact
- British Toilet Association
 - Loo of the Year Award in the banqueting category
 - Attendant of the Year Award for our cleaning staff

- Platinum Standard Toilets Award.

Effective use of resources

We track how well we use our resources through a range of methods, including staff surveys and working groups, and regular financial reports and forecasts.

At the end of 2015, we ran our biennial staff satisfaction survey. With a response rate of 68 per cent and an overall satisfaction score of 71 per cent, the results highlighted many positives, such as the pride we have in our work, as well as areas for development. We will be engaging with staff across the organisation in 2016 to celebrate where we are doing well and to identify where we need to take action to do better.

Delivery against plan

We monitor our ability to achieve our plan through:

- tracking and managing our projects and future work pipeline
- planning our time, allocating our resources and monitoring how time is spent, particularly on projects
- reviewing our risks and opportunities and ensuring that they are managed effectively.

During 2015 our new ways of working and business systems were rolled out and embedded across the Fund. This will enable us to plan, monitor and manage our workload more effectively in 2016.

Financial review

The Fund has adopted FRS 102 for the first time when preparing these accounts. The transition date to FRS 102 was 1 January 2014 and so the 2014 accounts have been restated to reflect this. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance in 2014 is set out in note 20 to the accounts.

Review of income and expenditure for the year ended 31 December 2015

Total income for the year amounted to £11.4 million (£10.8 million in 2014), of which £4.9 million (£5.3 million in 2014) was generated from charitable activities and £6.5 million (£5.5 million in 2014) was derived from other sources, namely investments, donations and legacies and other trading activities.

Income from charitable activities fell by £0.4 million due to a reduction in commissioned work for leadership programmes within the activity of 'Developing individuals, teams and organisations'.

Income from other sources increased by £1.0 million. This was due to investment income increasing by £0.3 million, income from other trading activities increasing by £0.2 million due to increased conference and catering services, and donations and legacies increasing by £0.5 million.

Total expenditure of the Fund in 2015 was £15.4 million (£14.9 million in 2014).

Expenditure on charitable activities was £12.0 million, £0.3 million higher than in 2014. Expenditure in all categories increased with the exception of 'Developing individuals, teams and organisations', the costs of which reduced in line with the fall in income.

Expenditure on other trading activities was £3.0 million, £0.2 million higher than in 2014. This was in line with the increased income in this category.

The average number of staff employed by the Fund during the year was 130, the same as in 2014. Total staff costs during the year were £8.3 million, an increase of 4.3 per cent compared with 2014. Further analysis is shown in note 9 to the accounts.

The Fund's operating deficit for the year was £4.0 million, very similar to the £4.1 million operating deficit in 2014. 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. Withdrawals from investment capital are in line

with budgets, which are 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 £2.4 million, compared with £6.0 million in 2014. Further details on investment performance are set out below.

Net assets at 31 December 2015

The Fund's consolidated net assets at 31 December 2015 were £192.1 million. This represents a decrease of £1.7 million (0.9 per cent) compared with the restated net assets at 31 December 2014. The decrease is due to the Fund's net expenditure during 2015 of £1.6 million (comprising the operating deficit of £4.0 million and net gains on investments of £2.4 million) and an actuarial loss of £0.1 million on the defined benefit pension scheme.

Net assets at 31 December 2015 comprise fixed assets of £196.6 million, net current assets of £1.5 million and a defined benefit pension scheme liability of £6.0 million. Fixed assets comprises tangible fixed assets of £57.6 million, intangible fixed assets of £0.5 million and fixed asset investments of £138.5 million.

When adopting FRS 102, the Fund has chosen to use the fair value of its freehold land and buildings as the deemed cost at 1 January 2014; this increased the amount at which the land and buildings are included within tangible fixed assets at that date by £40.2 million. Further details are set out in notes 11 and 20 to the accounts.

During the year, the book value of tangible fixed assets decreased by £0.6 million due to depreciation of £1.0 million exceeding capital expenditure of £0.5 million and assets with book value of £0.1 million being written off as they were no longer used by the Fund. The main item of capital spend during the year was the creation of The Green House café, a significant addition to the No. 11 Cavendish Square portfolio of conference and banqueting spaces.

The intangible fixed assets relate to expenditure on the Fund's enterprise resource planning project, part of the Fund's internal change programme encompassing new systems, business processes and organisational development.

The value of fixed asset investments has decreased during the year by £1.7 million. This is due to £4.1 million of capital being withdrawn during the year to cover the Fund's cashflow needs, offset by net valuation gains of £2.4 million as set out in note 13 to the accounts.

Investment performance

The Investment Committee oversees the performance of the Fund's investments in public and private equity, bonds and property. The committee has agreed a strategic asset allocation and corresponding long-term return target for its public equity and bonds, which it reviews regularly.

The strategic allocation for public equity and bonds is shown below.

Asset class	Strategic allocation %	Minimum %	Maximum %	Actual allocation % 2015	Actual allocation % 2014
<i>UK equities</i>	23			22.1	21.8
<i>Global ex UK equities</i>	37.5			45.0	40.5
<i>Emerging market equities</i>	12.5			3.2	6.1
Total equities	73	58	78	70.3	68.4
Inflation-linked bonds	13.5	7	17	12.6	9.6
Nominal gilts and cash	13.5	8	22	7.6	8.6
Opportunistic		0	20	9.5	13.4
TOTAL	100			100	100

From 22 December 2015 the actual allocation percentage in nominal gilts and cash was temporarily below the minimum strategic allocation (7.6 per cent compared with 8.0 per cent). This was due to a timing difference between the purchase of quoted equities and the receipt of cash from private equity funds and was rectified when the cash was received on 15 January 2016.

The value of the Fund's investments at 31 December 2015 was £138.5 million (£140.2 million in 2014). The investments produced income, net of investment management fees, of £1.9 million during the year and this income, together with £4.1 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 return of £4.3 million (3.0 per cent) and a real return, after adjusting for inflation, of 1.8 per cent. This is below the 4.3 per cent needed in 2015 to preserve the value of the investments in real terms (which is the Fund's long-term objective as set out in the Financial strategy and reserves section below).

During the year the Fund purchased 7–10 Dean's Mews, properties adjoining the Fund's offices in Cavendish Square. It is intended to develop the properties as long-term investment properties with a view to generating 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, AJ Hamilton, EL Dowsett 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 2015 were £192.1 million. As set out in note 18 to the accounts, £103.1 million of this represents the expendable endowment (all of which is included in fixed asset investments) and the remaining £89.0 million represents unrestricted funds; £57.6 million of the unrestricted funds 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 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 £6.0 million deficit on the defined benefit pension scheme, the Trustees consider the level of reserves to be at an appropriate level.

The Fund's policy on investments is to take a long-term approach, investing globally across a range of assets with the intention of preserving its value in real terms after allowing for expenditure. 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. The reference date for the purpose of assessing the real value of the investments is 1 January 2009. Trustees review the amount that they spend from investments periodically, balancing the expected demand for resources with the likelihood of future investment returns. The Trustees recognise that each year the Fund will need to withdraw the investment income and some of the investment capital to bridge the gap between its annual income and expenditure, and they set the budget accordingly.

Between 1 January 2009 (the reference date) and 31 December 2015, after income and capital withdrawals the value of the Fund's investments has increased in real terms (above the retail prices index) by £13.1 million so that over the past seven years investment performance has more than achieved the investment objectives set by the Trustees.

Future plans

In 2015 we developed a new [Strategic Plan for 2016-19](#). The plan sets out four corporate goals that show how we seek to improve care and four areas of policy and practice that we will prioritise over the next three years. We identified our priorities by talking to stakeholders, looking at the health and care environment and considering how our particular skills and knowledge can deliver the most impact.

Goals and priorities

- **Goal 1:** We will have influenced (for the better) the policies of government and national bodies.
- **Goal 2:** We will work with organisations and communities at a local level to turn policies into practice, and our work with leaders will build capability for improvement.

Our work to achieve these two goals will focus on four areas of policy and practice – our external-facing priorities:

- health and care systems
 - funding and productivity of health and social care
 - communities and population health
 - culture and leadership.
- **Goal 3:** We will support all who are involved in improving health and social care by being a valued and sought-after source of commentary, explanation and information.
 - **Goal 4:** We will work towards becoming a high-performing organisation. Our work to achieve this goal will focus on three internal-facing priorities:
 - people and culture
 - quality, performance and customer service
 - managing our resources.

In developing our goals and priorities, three themes emerged that matter to our staff and stakeholders and make a difference to both what we do and how we work:

- diversity and inequalities
- patient, service user and individual involvement
- innovation.

These themes will be visible in our work both externally and internally and in specific projects.

The strategic plan is underpinned by the 2016 operational plan, which sets out what we intend to achieve, and the impact we want to have, in the first year of the four-year strategic plan. The overarching theme of our work in 2016 is sustaining and transforming health and care; highlights of our plans for the year are outlined below.

Goals 1 and 2: We will have influenced (for the better) the policies of government and national bodies, worked with organisations and communities at a local level to turn policies into practice, and our work with leaders will build capability for improvement.

Health and care systems

To meet the physical and mental health and care needs of a changing population, the NHS will need to work differently to develop new systems that deliver more integrated care. Although widely recognised as a priority, system re-design is slow, and all too often care delivery focuses on acute problems and short-term solutions.

We have built a strong evidence base around new care systems and are well placed to influence at all levels over the next four years. Our Strategic Plan 2016-2019 sets out what we are working towards:

- widespread re-design 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 across the world
- patient, service user and carer perspective on what 'good' looks like to be central to thinking at national and local levels
- the policy and regulatory barriers to be 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.

Work planned for 2016 includes:

- continuing to work with four communities in England – Cornwall, Wigan, Norwich, and East London – to support their plans to secure more integrated health and care services, as well as continuing our work with NHS England and national bodies to support the new care models (vanguards)

- a joint publication with the Institute for Government on the relationship between the Department of Health and NHS England
- completing the joint three-year programme of work on commissioning with the Nuffield Trust
- exploring what integrated care for physical and mental health will look like, including from a service user perspective, and making the case that forging closer connections between physical and mental health care should receive higher priority within integrated care initiatives.

NHS and social care funding and productivity

Changing population needs combined with a prolonged funding squeeze have left health and social care in England under intense and unprecedented financial and service pressure. We feel we are well placed to explain and comment on emerging pressures and performance and to look for short-, medium- and long-term solutions.

Our work in this area will combine tracking and monitoring of finance and performance (for example, through our quarterly monitoring reports) and exploration of the opportunities to improve productivity and value for service users and taxpayers. We will continue to make the case for a sustainable long-term funding settlement for health and care. We want to do more work to connect our research with our leadership development work – supporting leaders to develop the skills and knowledge to improve productivity. Our Strategic Plan 2016–2019 sets out what we are working towards:

- political support for a long-term solution to health and social care funding
- adequate short- and medium-term funding across health and social care – both to sustain services and to facilitate the transformation of care
- increased improvements in productivity at team and service level, drawing on the best evidence on what works from the United Kingdom and across the world
- increased clinical engagement and leadership around better care for better value.

Work planned for 2016 includes:

- with the Nuffield Trust, to publish work outlining the impact of budget reductions in social care on the provision of social care and on the NHS

- completing our project examining GP workload and activity
- ongoing monitoring of the financial situation in the NHS via our quarterly monitoring report
- exploring the impact of reductions in local health service budgets on access to services.

Communities and population health

The importance of the wider determinants of health and the role that community bodies can play in supporting and delivering health are not always recognised.

Building on a growing body of work, we are well placed to develop the evidence base and tools for policy-makers and community bodies (voluntary organisations, local authorities, housing associations and others) to use to support a focus on the health of whole populations. Our Strategic Plan 2016–2019 sets out what we are working towards:

- a shift in debate and policy from integrated care towards population health
- the government to assess the impact of its policies (not just health) on health and health inequalities and adapt their implementation in response to this
- the contribution that individuals, communities, and volunteers make to population health to be fully recognised, supported and, where appropriate, integrated with public services
- local policy and practice to be evidence based and resources directed towards cost-effective prevention, delivered through integrated models of care, including services beyond traditional health and care.

Work planned for 2016 includes:

- developing a programme of work around housing and health, working with a range of health and housing stakeholders to influence national policy and to help local areas to unlock potential benefits for population health
- seeking to understand how a range of models at global and large city level could be appropriate for England's emerging place-based approach to population health in London and elsewhere
- holding a major conference on the role of volunteering in health and publishing a report on volunteering in general practice

- continuing to recognise and reward charities that are doing excellent work to improve people's health with the GSK IMPACT awards, and launching an innovative new leadership programme, in partnership with GSK and Comic Relief, to develop our network of previous award winners to be able to support the leadership development of a wider pool of charities.

Culture and leadership

There is compelling evidence on the links between the quality of an organisation's leadership and culture and the quality and safety of the care it delivers. The NHS is increasingly focused on developing better leadership and more supportive cultures of high-quality care, and we will support organisations in these efforts.

We are working with individuals, teams and organisations and also undertaking research and commentary. Our Strategic Plan 2016–2019 sets out what we are working towards:

- NHS and care organisations developing cultures that facilitate the best patient care, based on leadership that fully engages staff and patients
- leaders drawing on the best evidence from the United Kingdom and across the world to develop their approach to leadership and improvement
- recognition of the value of patient leadership and a strong evidence base for its effectiveness
- significant improvements in how health care leaders from diverse backgrounds are recognised, recruited and supported.

Work planned for 2016 includes:

- developing a range of tools and approaches that can be used to implement and embed leadership strategies in the NHS
- publishing a report based on the experience and reflections of former NHS chief executives to continue to build the evidence base around leadership and management in the NHS
- extending our work to increase the capability of NHS organisations to deliver and sustain effective quality improvement; this will include a paper calling for a national strategy on quality improvement and the launch of The King's Fund improvement programme (KIP)
- focusing on the relationship between culture and quality at our sixth annual leadership summit.

Goal 3: We will support all who are involved in improving health and social care by being a valued and sought-after source of commentary, explanation and information.

Our stakeholders have told us that our role as a commentator, analyst and interpreter of immediate and emerging issues is of great value. This role is built on our independent and objective analysis, our resources and our communications, and our work in bringing people together to learn and share knowledge. Our Strategic Plan 2016–2019 sets out our ambition in this area:

- 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.

Work planned for 2016 includes:

- developing more sense-making content, including briefings and a wider range of 'NHS explained' resources
- providing simple and concise explanations and analyses of the health care environment, reflecting the context of recent and ongoing change – a new spending settlement, revised mandate and new regulatory bodies with evolving responsibilities
- using data and user feedback to review our suite of bulletins, alerts and updates
- drawing more people into the Fund's physical and online collection of information and knowledge services resources.

Goal 4: We will continue to work towards becoming a high-performing organisation.

In addition to our external-facing work, we will continue to build on and improve the way we work as an organisation – how efficient and effective we are in deploying and managing resources and the culture we create for those who work for us and in partnership with us.

We are focused on:

- supporting our people – attracting the best, developing staff to achieve their potential, creating a positive culture and demonstrating effective leadership
- 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.

Work planned for 2016 includes:

- continuing to deliver our organisational development programme, including:
 - enhancing how we live our values in our work, for example, developing a consistent and values-based approach to recruitment
 - continuing to develop our learning and development approach, for example, developing guidance and support for shadowing opportunities
 - following up on the results of the 2015 staff satisfaction survey
 - developing our approach to and support for staff wellbeing
- completing the implementation of our internal change programme, encompassing new systems, processes and ways of working, to enable us to plan and manage our work more effectively
- carrying out further work to map, monitor and report on our impact
- developing the residential properties adjacent to the Fund's offices to provide long-term investment income
- starting the process of upgrading our website for completion in 2017
- continuing to deliver a range of commercial products and services including:
 - developing our corporate partners programme to build a network of sector-leading businesses in health, review our partnership and sponsorship models and launch a new mechanism for engaging with smaller businesses and entrepreneurs in health

- maximising revenue opportunities provided by The Green House café and refurbishing the courtyard garden to increase its capacity
- delivering more small, seminar-style events, workshops, webinars/online events and live-streaming some of our conferences.

Structure, governance and management

The Fund is registered with the Charity Commission for England and Wales, registration number 1126980. The Fund's registered address is set out on page 3.

The Fund was incorporated by Royal Charter on 4 November 2008 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 Fund's patron is Her Majesty The Queen, and the Fund's President is His Royal Highness The Prince of Wales.

The objects of the Fund 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.

The byelaws provide for a minimum of four and a maximum of twelve 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. 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.

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

The Trustees have established a General Advisory Council (GAC) in accordance with Byelaw 42 to the Royal Charter. The GAC meets twice a year to provide advice to the Trustees and Chief Executive. The members of the GAC are appointed by the President 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 pages 2/3.

The Board of Trustees meets six or seven times a year with the Chief Executive and the senior management team to handle business that has not been formally

delegated to the Chief Executive and to consider other matters related to the operations of the 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 Board of Trustees has established a number of standing committees to support it in its work.

- **Audit and Risk Committee:** oversees the preparation and independent audit of the Fund's Consolidated Financial Statements and reviews the procedures for the identification and management of risks to which the Fund is exposed.
- **Investment Committee:** responsible for the strategic investment of the Fund's endowment and other unrestricted funds held for investment, including oversight of the investment manager.
- **Facilities and Estates Committee:** a sub-committee of the Investment Committee with responsibility for the stewardship and development of the Fund's investment and operational properties.
- **Remuneration Committee:** approves annual pay settlements for the Chief Executive and other Fund staff.
- **Nominations Committee:** manages the process for the selection and appointment (including re-appointment) of Trustees.

Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, to whom they delegate the responsibility for realising the Fund's strategies and objectives and for the day-to-day management of the Fund. The Chief Executive acts within a governance framework approved by the Trustees. The Chief Executive is supported by a senior management team.

Senior management team

The senior management team works within the framework set by the strategy and the operational plan and produces detailed work programmes in different areas of activity.

Details of the current members of the senior management team, and those who served during the year, are set out on page 3.

The policy work programme is primarily led by the Director of Policy and is shaped in discussion with the Chief Executive and staff in the policy directorate. There is also input from the Director of Leadership in relation to leadership and cultural policy.

The senior management team monitors, reviews and takes action on performance against strategic goals and on issues escalated by the Operations Committee and the Planning Committee.

Operations Committee

The Operations Committee monitors and reviews the Fund's financial results and the use of resources across the Fund. The committee monitors, reviews and takes action where necessary on some of the work contributing to strategic goal 4.

Planning Committee

The policy work programme is reviewed by the Planning Committee which is jointly chaired by the Director of Policy and the Director of Communications and Information.

The Planning Committee has delegated decision-making authority from the senior management team on work contributing to strategic goals 1, 2 and 3 and reviews progress against impact objectives on strategic priorities.

Composition of Trustee Committees

Investment Committee

Ms Mary-Ann Daly
Mr Simon Fraser [from July 2015]
Sir Christopher Kelly
Mr Strone Macpherson (Chair)
Mr Max Ward

Remuneration Committee

Dame Ruth Carnall (Chair)
Sir Christopher Kelly
Mr Strone Macpherson
Sir Jonathan Michael

Nominations Committee

Dame Ruth Carnall
Sir Christopher Kelly (Chair)
Mr Strone Macpherson
Sir Jonathan Michael

Audit and Risk Committee

Sir Thomas Hughes-Hallett (Chair) [resigned May 2016]
Mr Strone Macpherson
Michelle Mitchell [from January 2015 until February 2016]

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

Mr Strone Macpherson (Chair)

Mr Robin Chute

Sir Christopher Kelly

Mr John Stephen

Attendance at Board and Committee meetings during 2015

Trustees had the following attendance records at Board and Committee meetings in 2015 (attended/total number of meetings in the year during their tenure as a Trustee):

Trustee	Board of Trustees	Audit and Risk	Investment	Facilities & Estates	Remuneration	Nominations
Sir Christopher Kelly	7/7		2/4	2/4	1/1	1/1
Dame Ruth Carnall	6/7				1/1	1/1
Sir Sam Everington	5/7					
Sir Thomas Hughes-Hallett	3/7	3/3				
Sir Julian Le Grand	5/7					
Strone Macpherson	7/7	3/3	4/4	4/4	1/1	1/1
Dr Aseem Malhotra (from July)	3/3					
Sir Jonathan Michael	3/7				0/1	1/1
Michelle Mitchell	7/7	2/3				

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 worth £103.1 million at 31 December 2015. This endowment, together with other funds held for investment, provides the Fund with a valuable source of income (£2.4 million in 2015). We also obtain funds by withdrawing a portion of the capital from the endowment and other investments each year, in line with our financial strategy.

These sources of funds are not adequate to fund all our activities but guarantee a consistent and completely unrestricted stream of funding. The sources of our other income are set out in the Consolidated Statement of Financial Activities. These include a variety of sources including charitable activities, trading activities and donations and legacies.

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

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 less than 4 per cent of our total income) do not have any impact on our independence, we have a robust ethical collaboration policy in place that can be found on our [website](#) here.

Managing risk

The Trustees have determined the organisation's appetite for risk in each of its key areas (reputation, compliance, finance, operations, external, strategy and governance). This is used to direct efforts towards mitigating risks that are identified in the Fund's risk register. The Trustees are satisfied with the procedures that are in place to review the risks and with the controls and action plans in place to mitigate the Fund's exposure to those risks.

In managing risk, the Fund applies a process that categorises each risk by considering what gives rise to it and what business objective and function would be most affected if the risk became a reality. Risks in four principal areas are outlined below.

Risk	Nature of risk	Management of risk
Failure of our core project work to achieve the intended external impact	Lack of focus around our agreed priorities may result in the Fund taking on work outside the scope of our strategic priority areas and therefore poor realisation of the external impacts we seek to achieve.	Strategic priorities are set out in the Operational Plan, which is updated annually. New and ongoing projects are assessed in-year against strategic and emerging priorities. Initial impact assessments, market research and perception research are carried out and reviewed regularly with stakeholders.
Failure to meet our income and expenditure targets	If we are unable to generate sufficient income to fund the delivery of our core work programme and support the Fund's internal programmes, we may need to withdraw additional capital from the investments.	Spending limits and annual budgets are agreed by Trustees. Year-to-date financial results and regular reforecasts are prepared and reviewed. Investment plans to grow future income are regularly considered and capital is allocated as part of the annual budget process. The Fund's investments are actively managed to meet planned future expenditure.
Failure to manage our work programme effectively	A high volume of work and failure to align our expertise and resources effectively may result in project slippage or staff being put under undue pressure to work over their capacity to deliver.	Progress against plan is reviewed by sponsoring directors and the senior management team. Outputs are aligned with events in the external environment.
Failure to work effectively and efficiently in cross-functional teams	If we do not invest in and develop our people, systems and the ways that we work together then we will be unable to work effectively, efficiently and in cross-functional teams to deliver high-quality outputs.	We are currently implementing a major change programme to improve our culture, the way that we do things and how we work together. This is supported by new systems.

A key element of the risk mitigation process is the work performed under the annual internal audit programme, which Grant Thornton LLP prepares and delivers (based on a three-year rolling programme derived from the risk register). The annual plan and all internal audit reports are submitted to the Audit and Risk Committee for review and approval.

Conflicts of interest policy

Trustees 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 other committees of the Fund, members of the Board of Directors of all companies in which the Fund holds a majority of the shares, and any other people as requested by the Trustees are required to complete a Register of

Interests Statement within one month of his/her appointment and at the end of each financial year. All relevant interests, as well as any actual and potential conflicts of interest, should be included in the register and members should update the register with each new appointment or change of office.

The Fund's Register of Interests is kept by the Chief Executive. It is available to the Trustees, members of the Audit and Risk Committee and the Fund's auditors.

Remuneration policy

The King's Fund believes that in order 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
- deliver arrangements that are sustainable within the available resources.

The Fund operates an incremental pay scale for the majority 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.

The Fund has the facility, where necessary, to pay an additional market-related supplement to salaries in order to secure a particularly valuable candidate or to respond to industry-specific pay pressures. A supporting case is made by the Director of HR and relevant Director and the final decision rests with the Chief Executive. Supplements are used very sparingly.

In determining the starting salary for new employees we take account of the skills and experience they bring to the role, the salary they are currently earning and the salaries of existing staff at the Fund at the same level. Wherever possible, we tend to appoint towards the lower end of the pay scale in order to allow for progression over time. Staff are entitled to progress to the next point on their scale unless they are already at the top, are subject to a disciplinary warning or joined the Fund on 1 October or later in the preceding year.

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 Chief Executive and directors are appointed on a spot salary. The same principles apply in determining starting salaries but in addition we seek information

and advice on the market for the level of role and the particular field. Once appointed, directors are entitled to receive the same percentage increase to their spot salary as applied to scale points, subject to satisfactory performance. Any further increases, consolidated or non-consolidated, are on the recommendation of the Chief Executive and are linked to corporate contribution and performance.

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. Ad hoc meetings are called for issues that arise outside this cycle.

The Fund's Director of HR compiles a report that considers:

- indicators in the wider economy
- what levels of award have been made by organisations the Fund compares itself with
- affordability, and the effect on staff morale of any agreed increase or pay freeze.

In particular, information is provided on the levels of inflation (both retrospective and prospective, based on the Retail Prices Index); average earnings growth in the public and private sectors; and rates of pay increases in sectors from which we regularly recruit (health, local government and higher education) and in comparable charitable organisations.

As part of the annual pay review process, we look at where on the incremental scale new staff have been appointed during the course of the year in order to monitor the competitiveness of our pay arrangements. A concentration of appointments at the top end of scales could suggest we were in danger of falling behind.

The Chief Executive and the Director of HR will make a recommendation to the Remuneration Committee on the annual pay increase. Separate submissions on executive pay, other than his own, are made by the Chief Executive. The Committee considers the information presented and decides on the following year's pay, including any increase for the Chief Executive.

The Fund awards a limited number of modest, performance-related bonuses each year, linked to annual appraisals. Directors make recommendations for those staff who have performed exceptionally well; the Chief Executive has responsibility for reviewing recommendations to ensure consistency. Bonuses are not consolidated into basic pay. Details of bonuses paid are reported to the Remuneration Committee.

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 judgments 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.

Sir Christopher Kelly
Chair

Date:

AUDITOR'S REPORT AND ACCOUNTS

Independent Auditor's Report to the Trustees of The King's Fund

We have audited the financial statements of The King's Fund for the year ended 31 December 2015, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cashflow Statement and the related notes numbered 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charity's trustees as a body, in accordance with Section 154 of the Charities Act 2011. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial

statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 December 2015 and of the group's income and expenditure for the year then ended
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements
- sufficient accounting records have not been kept by the parent charity
- the financial statements are not in agreement with the accounting records and returns
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Statutory Auditor

London

Date:

Crowe Clark Whitehill 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 2015

	Notes	Unrestricted funds £000	Endowed funds £000	2015 Total £000	2014 Total £000
Income and endowments from:					
Donations and legacies		485	-	485	6
Charitable activities:					
Research and analysis		924	-	924	651
Developing individuals, teams and organisations		2,846	-	2,846	3,561
Promoting understanding		115	-	115	206
Bringing people together		984	-	984	842
Other trading activities	4	3,569	-	3,569	3,466
Investments	5	2,384	-	2,384	2,081
Other		128	-	128	-
Total		11,435	-	11,435	10,813
Expenditure on:					
Charitable activities:	6				
Research and analysis		4,384	-	4,384	4,013
Developing individuals, teams and organisations		4,233	-	4,233	4,714
Promoting understanding		2,574	-	2,574	2,258
Bringing people together		762	-	762	628
Other trading activities	7	2,992	-	2,992	2,829
Investment management costs	8	114	383	497	487
Total		15,059	383	15,442	14,929
Operating (deficit)		(3,624)	(383)	(4,007)	(4,116)
Net gains on investments		1,027	1,345	2,372	6,044
Net income/(expenditure)		(2,597)	962	(1,635)	1,928
Actuarial (loss) on defined benefit pension scheme		(46)	-	(46)	(3,337)
Net movement in funds		(2,643)	962	(1,681)	(1,409)
Reconciliation of funds:					
Total funds brought forward	18	91,661	102,136	193,797	195,206
Total funds carried forward	18	89,018	103,098	192,116	193,797

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

Notes 1 - 21 form part of these financial statements.

Balance sheets

as at 31 December 2015

	Note	Consolidated 2015 £000	Consolidated 2014 £000	Charity 2015 £000	Charity 2014 £000
Fixed assets:					
Tangible assets	11	57,571	58,213	57,571	58,213
Intangible assets	12	513	256	513	256
Investments	13	138,525	140,223	138,575	140,273
Total fixed assets		196,609	198,692	196,659	198,742
Current assets:					
Debtors	15	2,767	2,010	2,710	1,803
Cash at bank and in hand		1,633	1,693	1,263	1,401
Total current assets		4,400	3,703	3,973	3,204
Liabilities:					
Creditors: Amounts falling due within one year	16	(2,849)	(2,634)	(2,475)	(2,188)
Net current assets		1,551	1,069	1,498	1,016
Net assets excluding pension liability		198,160	199,761	198,157	199,758
Defined benefit pension scheme liability	17	(6,044)	(5,964)	(6,044)	(5,964)
Total net assets		192,116	193,797	192,113	193,794
The funds of the charity:					
Expendable endowment funds	18	103,098	102,136	103,098	102,135
Unrestricted funds		95,062	97,625	95,059	97,623
Pension reserve		(6,044)	(5,964)	(6,044)	(5,964)
Total unrestricted funds	18	89,018	91,661	89,015	91,659
Total charity funds	18	192,116	193,797	192,113	193,794

Approved on behalf of the Board of Trustees and authorised for issue on _____ 2016.

Strone Macpherson

Treasurer

Notes 1 - 21 form part of these financial statements.

Consolidated cashflow statement

for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Net cash (used in) operating activities	A	(5,223)	(4,865)
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,384	2,081
Investment management fees		(497)	(487)
Purchase of tangible fixed assets		(470)	(207)
Purchase of intangible fixed assets		(324)	(256)
Net proceeds from sale of investments		4,070	3,443
Net cash provided by investing activities		5,163	4,574
Change in cash and cash equivalents in the reporting period	B	(60)	(291)
A. Reconciliation of net income/(expenditure) to net cash flow from operating activities			
		2015 £000	2014 £000
Net income/(expenditure) for the reporting period		(1,635)	1,928
Adjustments for:			
Investment income		(2,384)	(2,081)
Net gain on investments		(2,372)	(6,044)
Investment management fees		497	487
Depreciation and amortisation charges		1,092	980
Loss on disposal of fixed assets		87	-
Other finance cost of the pension scheme		199	110
Current service cost less contributions to the pension scheme		(165)	(284)
Decrease/(increase) in debtors		(757)	271
Increase/(decrease) in creditors		215	(232)
Net cash (used in) operating activities		(5,223)	(4,865)
B. Movement of cash and cash equivalents			
	At 1 January 2015 £000	Movement £000	At 31 December 2015 £000
Cash at bank and in hand	1,693	(60)	1,633

Notes to the accounts

for the year ended 31 December 2015

1. Charity information

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

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

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

2. Accounting policies

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

Basis of preparation

The accounts have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

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

The charity has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cashflow 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.

Reconciliation with previous Generally Accepted Accounting Practice

The King's Fund has adopted FRS 102 for the first time when preparing these accounts. The transition date to FRS 102 was 1 January 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 December 2014. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is provided in note 20.

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 investment properties purchased in previous years are stated at their fair values. These are estimated based on professional valuations at the year-end as disclosed in note 13. Investment properties purchased in the current year are stated at actual cost as an estimate of their fair value.

- **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.

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 grants where conditions have been met but the grant has not yet been paid are accounted for as creditors on the Balance Sheet. Where grants have been approved in principle but conditions attached to the award have not yet been met they are included in the notes to the accounts as a contingent liability.

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 6.

Pension costs

The King's Fund Staff Pension and Life Assurance Scheme (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 5 years.

Tangible assets

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

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

Plant and machinery:-

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

Furniture, fittings and equipment:-

Catering equipment	3 to 20 years
Furniture and fittings	5 to 20 years
ICT hardware and software	3 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.

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.

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 from other trading activities

	2015 £000	2014 £000
Income from other trading activities comprises:		
External conference and catering services, including sponsorship	3,115	3,050
Income from tenants	454	416
	3,569	3,466

5. Income from investments

	2015 £000	2014 £000
Income from securities and cash assets:		
Equities	1,360	815
Bonds	680	1,035
Cash	10	10
Investment properties	334	221
	2,384	2,081

6. Expenditure on charitable activities

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2015 £000	Total 2014 £000
Direct expenditure	2,260	2,489	1,208	359	6,316	6,018
Support departments (6a)	2,124	1,744	1,366	403	5,637	5,595
Total expenditure	4,384	4,233	2,574	762	11,953	11,613

6a Support departments

	Research and analysis £000	Developing individuals, teams and organisations £000	Promoting understanding £000	Bringing people together £000	Total 2015 £000	Total 2014 £000
Facilities (1)	625	513	402	134	1,674	1,684
Communications (2)	246	202	158	-	606	607
Other support (3)	1,253	1,029	806	269	3,357	3,304
Total cost of support departments	2,124	1,744	1,366	403	5,637	5,595

- (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 estimated usage of the various departments during the year.
(3) Other support departments include: Chief Executive's Office, Finance, HR 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.

6b Analysis of grants

	2015 £000	2014 £000
Enhancing the Healing Environment prisons programme - see below	-	75
<i>Enhancing the Healing Environment - Prisons Programme</i>	£000	£000
HM Prison Ranby	-	15
HM Prison Birmingham	-	10
HM Prison Huntercombe	-	10
HM Prison The Verne	-	15
HM Prison Hewell	-	15
HM Prison Isle of Wight	-	10
Total EHE Prisons Programme	-	75

The balance of the EHE grant programme was transferred to the University of Worcester in July 2015.

7. Expenditure on other trading activities

	2015 £000	2014 £000
Expenditure on other trading activities comprises:		
External conference and catering services, including sponsorship	2,976	2,823
Income from tenants	16	6
	2,992	2,829

8. Investment management costs

The cost of investment management is the total of the fees paid to managers, custodians, administrators and advisers for the discharge of their duties in connection with the investment portfolio and properties. It does not include fees charged within pooled funds.

9. Employees

	2015 £000	2014 £000
Wages and salaries	6,865	6,740
Social security costs	668	604
Pension costs	760	608
Total emoluments	8,293	7,952

Included in the above pension costs is £319,000 (2014: £203,000) relating to the current employer service costs of the defined benefit pension scheme.

The total for wages and salaries includes expenditure on temporary and seconded staff of £375,000 (2014: £300,000).

Average number of staff:	2015	2014
Research and analysis	30	30
Developing individuals, teams and organisations	24	25
Promoting understanding	19	19
Bringing people together	6	6
Other trading activities	12	12
Support departments	39	38
Total	130	130

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

	2015	2014
£60,000 - £69,999	7	8
£70,000 - £79,999	3	4
£80,000 - £89,999	3	3
£90,000 - £99,999	3	2
£100,000 - £109,999	2	2
£110,000 - £119,999	3	3
£120,000 - £129,999	2	2
£210,000 - £219,999	1	1

Contributions were made to The King's Fund Staff Pension and Life Assurance Plan, which is a defined benefit scheme, for 6 (2014: 5) higher-paid employees and to the NHS Pension Scheme, which is also a defined benefit scheme, for 3 (2014: 4) higher-

paid employees. Contributions totalling £62,000 (2014: £53,000) were made to The King's Fund Group Personal Pension Plan, which is a defined contribution scheme, for 13 (2014: 13) higher-paid employees.

The table above includes the post of Chief Executive which was filled under a secondment arrangement with the University of Birmingham until April 2014 when the Chief Executive became a direct employee of the Fund. The amounts included in the bandings include the relevant amount recharged to the Fund during the period of secondment.

The total employee benefits, including employer pension costs, received by the Chief Executive in 2015 were £217,216 (2014: £226,365).

The key management personnel of the charity comprise the Trustees and the senior management team. None of the Trustees have been paid any remuneration, been reimbursed for any expenses incurred or received any other benefits from an employment with the charity or a related entity. The total employee benefits, including employer pension costs, received by the key management personnel in 2015 were £1,061,000 (2014: £1,027,000).

10. Resources expended on governance

		2015 £000	2014 £000
Auditor's remuneration	- external audit fees (charity)	25	25
	- external audit fees (KEHF Limited)	5	4
Meeting costs		4	4
		<u>34</u>	<u>33</u>

Fees totalling £12,159 (2014: £7,490) were payable to the auditors for tax compliance services.

11. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Furniture, fittings and equipment £000	Assets under construction £000	2015 Total assets £000
Cost					
At 1 January	55,350	5,536	4,252	132	65,270
Additions	-	90	380	-	470
Reclassification	-	15	117	(132)	-
Disposals	-	(114)	(184)	-	(298)
At 31 December	<u>55,350</u>	<u>5,527</u>	<u>4,565</u>	<u>-</u>	65,442
Depreciation					
At 1 January	494	3,265	3,298	-	7,057
Charge for the year	494	239	292	-	1,025
Disposals	-	(85)	(126)	-	(211)
At 31 December	<u>988</u>	<u>3,419</u>	<u>3,464</u>	<u>-</u>	7,871
Net Book Value					
At 31 December	<u>54,362</u>	<u>2,108</u>	<u>1,101</u>	<u>-</u>	57,571
Previous year	<u>54,856</u>	<u>2,271</u>	<u>954</u>	<u>132</u>	58,213

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.

Assets under construction at 1 January 2015 relate to costs expended on upgrading the Fund's venue facilities. The construction was completed during 2015 and the assets have therefore been moved into other fixed asset categories.

12. Intangible fixed assets

	2015 £000	2014 £000
Cost		
At 1 January	256	-
Additions	<u>324</u>	<u>256</u>
At 31 December	580	256
Amortisation		
At 1 January	-	-
Charge for the year	<u>67</u>	<u>-</u>
At 31 December	67	-
Net Book Value		
At 31 December	<u>513</u>	<u>256</u>

Intangible assets relate to costs expended on the Fund's enterprise resource planning project.

13. Fixed asset investments

		2015	2014
		Total	Total
		£000	£000
Securities:	Equities	82,431	88,072
	Index Linked bonds	13,984	11,521
	Fixed Interest bonds	9,183	13,202
	Private Equity funds	6,378	7,682
Cash		5,600	7,351
Investment properties		20,949	12,395
Consolidated total		138,525	140,223
Shareholding in subsidiary company		50	50
Charity total		138,575	140,273

Within the total securities, £105,598,000 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 £6,378,000 is classified as Level 3, that is 'the investment is measured using unobservable inputs at the reporting date'. The Level 3 amount comprises two Private Equity Funds of Funds. No readily identifiable market price is available for these unquoted funds and therefore they are included at the most recent valuations provided by the manager.

In respect of the above Private Equity funds, the managers have confirmed that all future commitments to both funds have been waived and have therefore deemed the shares to be fully paid. The funds will continue to return cash to investors prior to their final closure in 2019 and 2023 respectively.

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 £13,119,000 (2014: £12,295,000) based on a professional valuation by Savills plc completed as at 31 December. During 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. These properties have been included at fair value, which is estimated to be unchanged from their cost of £7,830,000.

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

	2015	2014
	£000	£000
Opening balance at 1 January	140,223	137,622
Net monies (disinvested)	(4,070)	(3,443)
Increase on revaluation	2,372	6,044
	138,525	140,223
Shareholding in subsidiary company	50	50
Closing balance at 31 December	138,575	140,273

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 one King's Fund trustee, two King's Fund employees and one independent director.

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 the year to 31 December, the company had income of £3,319,000 (2014: £3,107,000) and incurred expenditure of £2,730,000 (2014: £2,529,000) thereby generating an operating profit of £589,000 (2014: £578,000). The directors have proposed that a sum of £587,205 be donated to The King's Fund through Gift Aid. The resultant accumulated surplus of KEHF Limited at 31 December 2015 is £4,000.

Excluding KEHF Limited's results, the charity's total income in 2015 was £9,871,000 (2014: £9,603,000) and the charity's net reduction in funds in 2015 was £1,681,000 (2014: £1,409,000).

15. Debtors

	Consolidated 2015 £000	Consolidated 2014 £000	Charity 2015 £000	Charity 2014 £000
Trade debtors	1,892	1,283	1,414	977
Amounts owed by KEHF Limited	-	-	199	144
Prepayments and accrued income	825	582	958	625
Other debtors	50	145	50	57
Donations from KEHF Limited	-	-	89	-
	2,767	2,010	2,710	1,803

16. Current liabilities: amounts falling due within one year

	Consolidated 2015 £000	Consolidated 2014 £000	Charity 2015 £000	Charity 2014 £000
Trade creditors	941	875	723	701
Amounts owed to KEHF Limited	-	-	6	5
Deferred income - see analysis below	1,068	1,014	837	793
Taxation and social security	556	287	556	287
Other creditors and accruals	284	458	353	402
	2,849	2,634	2,475	2,188

	Balance at 1 January 2015 £000	Released during the year £000	Additional deferrals £000	Balance at 31 December 2015 £000
Deferred income analysis				
EHE distributions received in advance	25	(25)	-	-
Programme fees received in advance	768	(768)	837	837
Charity total	793	(793)	837	837
Other deferred income including KEHF Limited	221	(221)	231	231
Consolidated total	1,014	(1,014)	1,068	1,068

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.

	2015 £000	2014 £000
The amounts recognised in the Balance Sheet are as follows:		
Fair value of plan assets	46,497	46,256
Present value of plan liabilities	(52,541)	(52,220)
Net Plan liability	(6,044)	(5,964)

17. Pension schemes (continued)

	2015 £000	2014 £000
The movement in defined benefit obligations over the year was as follows:		
Present value of obligations at start of year	52,220	45,442
Current employer service cost	319	203
Employee contributions	131	129
Interest costs	1,802	1,969
Actuarial (gains)/losses	(430)	5,885
Benefits paid	(1,501)	(1,408)
Closing value of the plan liability	52,541	52,220

	2015 £000	2014 £000
The movement in the fair value of assets over the year was as follows:		
Opening fair value of plan assets	46,256	42,640
Return on plan assets in excess of interest income	(476)	2,548
Interest income on planned assets	1,603	1,859
Employee contributions	131	129
Employer contributions	484	487
Benefits paid	(1,501)	(1,407)
Closing fair value of plan assets	46,497	46,256

Employer contributions in 2015 included £307,000 (2014: £300,000) in respect of past service costs. In addition, the Plan has pension liabilities which are insured with a value of approximately £345,000 (2014: £345,000). 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.

	2015 £000	2014 £000
Total income/(expense) recognised in the Statement of Financial Activities:		
Current employer service cost	(319)	(203)
Net interest on the net defined benefit obligation	(199)	(110)
Return on Plan assets excluding interest income	(476)	2,548
Experience (losses) on defined benefit obligations	(1,391)	-
Actuarial gains/(losses) arising from change in assumptions	1,821	(5,885)
Total (expense) recognised in the Statement of Financial Activities	(564)	(3,650)
Proportion of total Plan assets by asset class:		
Equities (including property)	62%	61%
Bonds	28%	29%
Index-linked	10%	10%

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.

	2015 £000	2014 £000
Actual return on Plan assets	1,127	4,407
The principal actuarial assumptions used at the balance sheet date:		
Discount rate	3.70%	3.5%
Rate of increase in salaries	3.15%	3.1%
General price inflation	2.15%	1.9%
Rate of increase in pension payments:		
Service prior to 1 April 2000	4.20%	4.2%
Service after 1 April 2000	3.15%	3.1%

The King's Fund expects contributions of £475,000 to be made to the Plan in the year ending 31 December 2016 (excluding contributions made by employees). This sum includes monthly payments of £315,000 in respect of past service costs. The payments in respect of past service costs have been calculated to eliminate the Plan deficit over a period of 8 years and 11 months from the most recent formal valuation date of 1 April 2015.

NHS Pension Scheme

The Fund contributes to the NHS Pension Scheme, a defined benefit scheme, for 10 (2014: 9) eligible members of staff as at the Balance Sheet date. In 2015 The Fund

contributed £89,000 (2014: £86,000) to the scheme. The employer's contribution rate is set by the Government Actuary at 14%.

The King's Fund Group Personal Pension Scheme

The Fund contributes to the Group Personal Pension Plan, a defined contribution scheme established in 2008, for 89 (2014: 79) members of staff as at the Balance Sheet date. The Fund contributed £352,000 (2014: £319,000) 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:	2015	2014
	£000	£000
The King's Fund Staff Pension and Life Assurance Plan	319	203
NHS Pension Scheme	89	86
The King's Fund Group Personal Pension Plan	352	319
Total charges	760	608

18. Split of assets between funds

	Expendable Endowment £000	Unrestricted Funds £000	Total funds 2015 £000	Total funds 2014 £000
Tangible assets	-	57,571	57,571	58,213
Intangible assets	-	513	513	256
Investments: securities	95,268	22,308	117,576	127,828
Investments: property	7,830	13,119	20,949	12,395
Net current assets	-	1,551	1,551	1,069
Pension fund reserve	-	(6,044)	(6,044)	(5,964)
Total funds	103,098	89,018	192,116	193,797

19. 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 2015 the charity charged KEHF Limited management fees totalling £318,000 (2014: £303,000). This is calculated as a percentage of external conference and catering services income
- In 2015 the charity charged KEHF Limited licence fees totalling £777,000 (2014: £622,000). This is calculated as a percentage of total conference and catering services room hire income

- In 2015 KEHF Limited charged the charity administration fees totalling £74,000 (2014: £74,000). This is calculated as a percentage of internal room hire costs.

20. Transition to FRS102

The Fund has adopted FRS 102 for the first time when preparing these accounts. The transition date to FRS 102 was 1 January 2014 and the last financial statements prepared under the previous financial reporting framework were prepared for the year ended 31 December 2014. An explanation and reconciliation of how the transition to FRS 102 has affected the reported financial position and financial performance is set out below:

Reconciliation of funds

	As at 1 Jan 2014 £000	As at 31 Dec 2014 £000
Funds as previously stated	155,045	153,970
Fair Value restatement of land and buildings	40,161	39,827
Funds as restated	195,206	193,797

Reconciliation of 2014 surplus for the year

	2014 £000
2014 net movement in funds as previously stated	(1,075)
Additional depreciation due to Fair Value restatement of land and buildings	(334)
2014 net movement in funds as restated	(1,409)

21. Operating leases - lessor

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

	2015	2014
	£000	£000
Not later than one year	701	636
Later than one year and not later than five years	1,248	1,932
Later than five years	5	-
Total	1,954	2,568

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