

Report and financial statements

For the year ended
30 September 2020

**The Nuffield Trust for Research and Policy Studies
In Health Services**

Charity number: 209169

Company number: 00382452

The Nuffield Trust
59 New Cavendish Street, London W1G 7LP

nuffieldtrust

The Nuffield Trust

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

Nuffield Trading Limited is a company registered in England and Wales as company number 06898100.

Patron

Her Royal Highness The Princess Royal

Registered office

59 New Cavendish Street, London, W1G 7LP

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The Nuffield Trust

Board of Trustees

Andrew McKeon CBE (Chair)

Dr Jocelyn Cornwell

Rupert Hill (Chair of the Finance Committee)

Julia Palca

Irshaad Ahmad (from March 2020)

Tara Donnelly

Kathryn Matthews (to January 2020)

Thea Stein (from December 2019)

Dr Rosie Benneyworth

Dr Navina Evans CBE (appointed and resigned March 2020)

Professor David Oliver (from December 2019)

Dr Christian van Stolk

Andrew McKeon CBE is the Chair of the Governance, Nominations and Remuneration Committee. The other members are Jocelyn Cornwell, Rupert Hill, David Oliver and Julia Palca.

Rupert Hill is the Chair of the Finance Committee. The other trustee members are Andrew McKeon CBE, Christian van Stolk, Irshaad Ahmad and Rosie Benneyworth. Kim Lim is a non-trustee member of the Finance Committee.

Company secretary

Ruth Hallesy

Senior staff

Nigel Edwards, Chief Executive

John Appleby, Director of Research and Chief Economist

Helen Buckingham, Director of Strategy & Operations

Fiona Johnson (Director of Communications to February 2020; Joint Director of Communications from February to September 2020)

Leonora Merry (Joint Director of Communications from February 2020)

Natasha Curry (Deputy Director of Policy)

Rowan Dennison (Deputy Director of Communications from July 2020)

Sarah Scobie (Deputy Director of Research)

Ben Willbond (Deputy Director of Finance and Operations)

Senior associates and visiting fellows

Professor Sir Nick Black

Amy Caldwell-Nichols

Richard Darch

Professor Deirdre Heenan

Sharon Lamb

Professor Marcus Longley

Dr Nadeem Moghal

Dr Geoffrey Rivett

Professor Judith Smith

Nicholas Timmins

Sylvia Wyatt

Professor Richard Bohmer

Dr Ronny Cheung

Jason Frerich

Bob Klaber

Dr Richard Lewis

Professor Nicholas Mays

Anne Marie Rafferty

Jonty Roland

Dr David Steel OBE

John Wilderspin

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, West Gatwick, West Sussex RH6 0PA

Bankers

CCLA, 80 Cheapside, London EC2V 6DZ

Coutts & Co, 440 Strand, London WC2R 0QS

Scottish Widows, 69 Morrison Street, Edinburgh EH3 8YF

Investment managers

Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

Ruffer LLP, 80 Victoria Street, London SW1E 5JL

Legal advisors

Stone King Sewell LLP, 91 Charterhouse Street, London EC1M 6HR

Charity number

209169

Governance

The Trustees meet as a Board four times a year and consider all matters relating to the governance of the organisation and their responsibilities as Trustees.

In addition to the full Trustee Board, there are two Trustee committees.

The Governance, Nominations and Remuneration Committee typically meets four times a year and has a remit to consider matters relating to the appointment of Trustees and Board development, governance issues for the organisation, and human resources including the remuneration of senior executives.

The Finance Committee meets at least four times a year and has responsibility for overseeing the financial functions of the Trust. This includes: recommending the budget to the Board; appraising certain projects and contracts; and monitoring the risk and investment management processes. It takes the lead in monitoring cybersecurity on behalf of the Board.

New Trustees follow an induction programme to gain familiarity with the Trust's work, governance procedures and ethos. The Trust maintains a Register of Interests for Trustees and staff.

Day-to-day management of the Trust's functions is the responsibility of the Chief Executive and the Leadership Team, who operate within discretionary powers and protocols delegated by the Board.

The Chair of the Board of Trustees and of the Governance, Nominations and Remuneration Committee is Andrew McKeon CBE (formerly a career public servant with the Department of Health and the Audit Commission) and the Chair of the Finance Committee is Rupert Hill (Global Head of Pharmaceuticals and Head of European Healthcare at Investment Bank Greenhill). Other Trustees who served during the year are:

- Irshaad Ahmad (Independent Consultant)
- Dr Rosie Benneyworth (Chief Inspector of Primary Medical Services and Integrated Care at the Care Quality Commission)
- Dr Jocelyn Cornwell (Chief Executive and Founder of The Point of Care Foundation)
- Tara Donnelly (Chief Digital Officer at NHSX)
- Dr Navina Evans (Chief Executive of East London NHS Foundation Trust)
- Kathryn Matthews (Director of Barclays Bank UK plc, Pandal Group Ltd and J.P. Morgan Chinese Investment Trust)
- Professor David Oliver (Consultant at the Royal Berkshire NHS Foundation Trust, Trustee of the Royal College of Physicians and Visiting Fellow at The King's Fund)
- Julia Palca (Chair of City, University of London)
- Thea Stein (Chief Executive of Leeds Community Healthcare NHS Trust)
- Christian van Stolk (Vice President at RAND Europe)

None of the Trustees or non-trustee members of the Finance Committee has received any payment, other than the reimbursement of expenses.

Senior associates

As well as our permanent staff, we are fortunate in being able to call on the expertise of our senior associates. Senior associates are nationally known academics, clinicians, managers and policy-makers who contribute time and input to our work programme, serve on advisory panels overseeing aspects of the Trust's work, and offer expert peer review to our publishing programme. We gratefully acknowledge their support.

Public benefit

The Trustees have considered the Charity Commission's general guidance on public benefit and have taken it into account when reviewing the Trust's aims and objectives, and assessing its current and future activities. In particular, the Trustees have considered how activities will contribute to the aims and objectives they have set. The main activities and beneficiaries are described in this report.

The Trust works to promote improvements in the quality of health care and health policy. In doing so, it seeks to improve the health and care of all members of the public.

All our charitable activities focus on health and care policies and practice and are undertaken to further our charitable purpose for the public's benefit. The Trustees confirm, in light of the guidance, that the aims of the Trust fully meet the public benefit test and that the activities described in this report have been undertaken in pursuit of its aims.

Introduction to the Trustees' annual report and financial statements

The Trustees present their report and the financial statements of the charity for the year ended 30 September 2020. The Trustees have prepared the financial statements in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)* (effective 1 January 2015) – Charities SORP (FRS102), 2nd edition.

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

Our 2020–25 strategy contains the following statement of intent that guides all of our work:

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

We set out to do this by:

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

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

We strive to be:

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

Chair and Chief Executive forewords

Foreword from Andy McKeon CBE, Chair

When the Board of Trustees of the Nuffield Trust signed off our 2020–25 corporate strategy in December 2019, few would have predicted the extraordinary and turbulent time just around the corner. The impact of Covid-19 on health, the economy and citizens' everyday lives has been seismic: health care has been thrust into the spotlight in a way not seen in living memory; the role of the state has altered significantly; and changes to working life have been profound.

The Nuffield Trust has also been tested. Our work as a bridge between the worlds of health policy, practice, management, academia and journalism has been as in demand as ever as the impact of Covid-19 on the day-to-day running of health and care services has been unfolding at speed. While some projects were paused or changed due to Covid-19, most of them have continued, adjusting parameters to account for the new post-pandemic world and generating significant impact, as this report details.

Organisationally, staff managed exceptionally well in moving entirely to homeworking for the second half of our financial year. Meetings, events and social events now take place almost entirely online and this report is testament to the excellent work that has continued throughout, including providing help and support to NHS England and NHS Improvement. I personally want to thank all staff for their hard work and good humour.

Our finances too have held up well, thanks to the dedication of our finance team and investment advisors. While the continued economic impact of Covid-19 remains daunting, I am pleased that the Nuffield Trust and its investments are in a robust and sustainable position.

As I write, health and care services are being confronted by a second wave of Covid-19. These troubling times have demonstrated not only that the NHS is widely valued but also why it should be so, not just in the current crisis but for the long term as well. Its principles and values are touchstones for the country. We have and will continue to play our part in championing those principles and values by showing through rigorous independent research how health and care services in the UK can be improved and supporting those involved to do so.

Foreword from Nigel Edwards, Chief Executive

This year has been the first of the Nuffield Trust's new five-year strategy. This has positioned us well to provide incisive commentary and analysis on the impact of the extraordinary turbulence generated by the Covid-19 pandemic, the UK's departure from the European Union, significant workforce shortages in health and social care and the consequences of public sector austerity.

Standing independent both of the NHS and of politics, we are funded largely by our own endowment and are small enough to respond quickly to the volatile political and policy environment. We have carried out important work looking primarily at six key areas of health and care: workforce; technology and digital; primary care; small, remote and rural services; quality and equity; and politics, funding and reform.

Much of our analysis has been punctuated by some of the major external events in UK public life. As the country went to the polls in December, we published briefings and analysis to inform public debate on the NHS and social care. As the Covid-19 pandemic set in, we pivoted towards explaining and making sense of the explosion of health care data, highlighting shortcomings and gaps in the data where needed. As concern grew about the NHS's ability to restore non-Covid-19 services and grapple with the continued presence of the virus, we offered expert commentary and analysis on how services could adjust and what barriers they may face.

Our work has generated significant impact – from informing a change in the way that data on pregnant prisoners are recorded, to influencing thinking at the highest level of government on social care. We have engaged with thousands of people within health and care services, public policy and the media to bring clarity and analysis to what are often fraught political and ethical debates, supporting health care leaders in how to run services in rural areas, setting the UK's health care response to Covid-19 in international context, and providing much-needed analysis on the impact of Brexit on health and health care in the UK.

Our staff have risen very well to the challenges posed by remote working. I have been enormously impressed by their adaptability to these unusual circumstances, with many staff balancing significant child care or other commitments with continuing to deliver high-quality work.

This report details both the activity we have generated and the impact we have secured, as well as the vital financial and organisational work underpinning our charity at this time of great uncertainty. I am proud of what we have achieved over the past year and

humbled by what remains to be done as the UK's health and care institutions eventually emerge from the Covid-19 pandemic.

1. The Nuffield Trust's year in numbers

19 reports and briefings

66 blogs and explainers and **19** charts of the week

865,222 visitors to our website

53.7k followers on Twitter, an increase of **4.1k** on the previous year

7,872 unique mentions across print and broadcast media

17 mentions in parliament, **9** written submissions and **5** oral evidence sessions

71 speaking engagements

7 events (3 virtual roundtables, 2 in-person workshops and 2 conferences)

18 Nuffield Trust authored articles in journals and external publications

2. Our strategic objectives

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

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

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

These objectives have framed both the work we have undertaken (our activity) and the impact we have generated. These are set out in more detail in sections 3 and 4.

3. Our activity in 2019/20

Our work towards our strategic objectives has six priority areas in our 2020–25 corporate strategy: workforce; technology and digital; primary care; small, remote and rural services; quality and equity; and politics, funding and reform.

The Covid-19 pandemic struck at the mid-way point of our financial year, causing us to redefine and refocus a number of ongoing pieces of work. Most of our six work programmes have taken on a Covid-19 lens, whether that is in how the pandemic has affected the way in which patients and staff interact with the health service, or how the health and social care systems can recover from the pandemic. However, many of the significant questions that were of interest to us before the pandemic continue to be relevant, notwithstanding that learning from this period may influence our future recommendations.

We paused or halted some projects because of the pandemic, but on the whole the pandemic caused an increase in our outputs and activity, including:

- an intense period of media work explaining and analysing the impact of Covid-19 on the NHS;
- the development of a new ‘Chart of the Week’ series of ‘data stories’;
- a series of policy briefings looking at the impact of Covid-19 on the NHS and its recovery;
- a move to host events online using videoconferencing software; and
- joining an analytical collaborative with other research institutes to analyse and understand the impact of the outbreak on health and care.

This section outlines the key activities in each of our six work programmes (with Covid-19 work covered in the politics, funding and reform programme). It is not a comprehensive list of every output or activity.

3.1 Workforce

A major focus of our workforce programme this year has been to present, analyse and synthesise evidence on different elements of the health and social care workforce in order to inform policy and practice. Central to this has been the publication of our [NHS staffing tracker](#) in June, which aims to provide transparency on progress against important national ambitions, including the numbers of GPs, mental health staff and nurse vacancies, and which will be updated as new data become available.

We focused on the impact of immigration on the NHS workforce in our policy analysis before the December 2019 general election, with our briefing [Stopping the staff we need? Migration choices in the 2019 general election](#) containing new figures to show that one in four hospital staff were born outside the UK.

We have also published a number of ‘explainers’ or ‘data stories’ on the [social care workforce across the four UK countries](#), [NHS staff pay over time](#), the [underrepresentation of Black staff in NHS management](#), [sickness absence rates](#) and more.

We have also pursued research into specific sections of the health and social care workforce, undertaking analysis for the National Workforce Skills Development Unit on attitudes to mental health careers, as well as work on mental health nursing, and the pipeline for psychologists.

Our workforce experts have presented at events including the Council of Deans of Health annual conference and have been members of advisory groups including steering committee meetings for the NHS People’s Plan, a South-East London trust’s Workforce and Education Advisory Board and Health Education England’s All England Plan for Mental Health Nurses.

3.2 Technology and digital

The biggest piece of ongoing work under our technology and digital work programme has been our [evaluation of Care City](#), a ‘test bed’ in East London focused on using new technologies to support people with long-term conditions. Despite a delay caused by the Covid-19 pandemic and associated barriers to accessing interviewees, the project is due to report to the funder by the end of 2020 and will strengthen the evidence base on the practical implications of digital initiatives.

We have also been engaged in a project looking at trends and variation in the vital signs of patients on admission to hospital, with a particular focus on patients who have been admitted in an emergency. The purpose is to understand patient flow, changes in patients being admitted and how patients’ vital signs change during their stay in hospital. This novel analysis is being carried out using electronically captured vital signs data (VitalPAC) and will report in 2021.

Work began on a project with the World Health Organization’s (WHO) European Observatory on Health Systems and Policies and funded by Optum to produce an overview of national policy levers that have been used internationally to support digitisation across

health sectors. While progress was slowed due to the Covid-19 pandemic, it is due to report in 2021.

In March we published [*Achieving scale and spread: Learning for innovators and policy-makers*](#), commissioned by the National Innovation Accelerator, which identified the practical steps that eight innovators took to achieve scale and spread across the health service, which others might adopt.

As the Covid-19 pandemic took hold and the adoption of digital technology in the NHS took off at pace, we published [*The impact of Covid-19 on the use of digital technology in the NHS*](#), a briefing exploring the recent seismic changes to patients' experiences of health services, what enabled these changes to happen, what risks and downsides there are, and what role technology may play in the NHS's future.

3.3 Primary care

At the start of the financial year, we published two briefings looking at different aspects of primary care policy focusing specifically on GP services: [*Delivering general practice with too few GPs*](#), which examined the shortage of GPs and how policy-makers should respond; and [*Primary care networks: A pre-mortem to identify potential risks*](#), which explored some of the potential pitfalls ahead for this new model of primary care. Both papers drew on the expertise and knowledge of a wide range of stakeholders we convened at workshops and were firmly aimed at the second of our strategic objectives: to support those involved in planning and delivering health care to think more creatively and innovatively about service redesign.

In spring 2020, the Covid-19 pandemic struck, bringing with it an unprecedented change in the way primary care services were being delivered. Consequently, we shifted the focus of our outputs on primary care towards our first and third objectives: to generate and synthesise information on health and social care to facilitate better policy and practice; and to provide information on the evidence, statistics, facts and research that politicians and policy-makers use. This included [*an analysis of the alarming drop in GP referrals*](#) as a result of the pandemic and [*an analysis of appointments data*](#) to understand how patients have been using their GP services.

We have undertaken an analysis of the GP Patient Survey to investigate unmet need for two aspects of care for people with long-term conditions. We also began work with the Universities of Oxford and Plymouth on an Economic and Social Research Council funded

project called *Remote-by-Default Care in the COVID-19 Pandemic*, to examine the benefits, disadvantages and pitfalls of the rapid changes that have taken place in general practice such as video and online consulting, and remote assessment, so as to improve their use.

3.4 Small, remote and rural services

Throughout the year we built on earlier work to cement our reputation for expert analysis and commentary on the role that smaller hospitals and services play in health care delivery, highlighting the unique challenges these services face and offering solutions to some of these challenges.

Our Senior Clinical Fellow, Dr Louella Vaughan, guest-edited the February edition of the Royal College of Physicians' *Future Hospital Journal*. This was a special edition focused on the future of the small hospital, including an editorial by Louella entitled '[Why bigger isn't always better: Caring for patients in smaller, rural and remote hospitals](#)' and a jointly authored piece with our Chief Executive, Nigel Edwards, entitled '[The problems of smaller, rural and remote hospitals: Separating facts from fiction](#)'.

As the Covid-19 pandemic took hold, much attention was given to the Nightingale hospitals. Louella wrote in the *British Medical Journal* on the need to consider solutions involving smaller hospitals, arguing that the response to the coronavirus pandemic cannot be 'one size fits all'. We were commissioned by the National Centre for Rural Health and Care to write a report looking at the unique challenges presented by Covid-19 and rurality, which will report in winter 2020.

Our work under this programme has also included a number of bespoke advisory projects for leaders in different health systems, including advice to the leaders of hospitals in East Kent, Dorset and the Isle of Man. We have also carried out analysis for NHS England and NHS Improvement on their review of rural dispensing. In August we published a briefing looking at [maternity services in smaller hospitals](#).

3.5 Quality and equity

A great deal of our work on quality and equity is firmly aimed at achieving our first and third objectives: to generate and synthesise information on health and social care to

facilitate better policy and practice; and to provide information on the evidence, statistics, facts and research used by politicians and policy-makers.

Our [QualityWatch](#) programme, funded by The Health Foundation, is a key component of this, through which we published updates on trends in the [quality of care for older people](#) and for people with [long-term conditions](#), trends in the quality of [cancer care](#) and trends in [access and waiting times](#).

The [QualityWatch annual statement](#), published in January as an innovative scrolling data story, focused on the association between deprivation in the area in which a patient lives and quality of care. It revealed that people living in the most deprived areas of England experience the worst quality of care on almost every indicator examined, with the gap in quality widening as services come under increased pressure. A later 'Chart of the Week' told a similar story in terms of deaths from Covid-19.

Our work on prisoner health, funded by The Health Foundation, is another key component of this work programme. In November 2019 we published an [early preview](#) of data on pregnant prisoners to coincide with a newspaper article on the same topic. In February 2020 our full research report, [Locked out? Prisoners' use of hospital care](#) was published; and our project lead was in demand for a number of speaking engagements, including at the Royal College of General Practitioners' (RCGP) Justice conference in November 2019 and the Nuffield Trust summit in February 2020.

We also drew on the expertise gathered throughout our prisoner health project to inform commentary on the impact of [Covid-19 on prisoners](#). We secured further funding from The Health Foundation to take this project into its next phase, with outputs planned for 2021 and beyond.

Since 2016 we have sought to use our position as a research organisation to add to the evidence base around the health of children and young people. This year we have strengthened this through a number of partnerships and advisory roles, including through participating in a health policy influencing group convened by the National Children's Bureau and providing input into a British Academy review of childhood policies and the Royal College of Paediatrics and Child Health's *State of child health 2020* report. Recently we have been asked to support the Nuffield Foundation's work on 'The changing face of early childhood in Britain'. We have also published [analysis on childhood obesity in Wales](#) and the [impact of the Covid-19 lockdown on children's use of emergency care](#).

In its second year, our Rapid Service Evaluation Team (RSET), a collaboration with University College London and funded by the National Institute for Health Research

(NIHR), carried out evaluations of [special measures for quality improvement](#) (a specific Care Quality Commission designation for trusts with persistent quality issues, which then receive quality improvement interventions) and virtual wards for monitoring Covid-19 patients' blood oxygen levels. A further separately funded follow-up project for NHS England and NHS Improvement examining trusts in special measures for financial reasons was also completed.

The British Heart Foundation commissioned us to undertake analysis exploring the impact of Covid-19 on cardiovascular services, which will report later in the year.

We have demonstrated how Covid-19 has exposed wide inequalities in society through our 'Chart of the Week' analyses, with charts covering [death rates by deprivation levels](#), [shielded people by geography](#), [regional variations in the Covid-19 recovery in the summer of 2020](#) and [death rates by different setting](#).

3.6 Politics, funding and reform

As some of the work under the 'politics, funding and reform' theme responds to the immediate external environment, much activity under this programme split largely – but not exclusively – into two time periods, each driven by a major external event: the run-up to, and aftermath of, the general election of December 2019; and the Covid-19 crisis.

Mindful of our third strategic objective to provide information on the evidence, statistics, facts and research that politicians and policy-makers use in their interventions in the health and care system in the UK, we focused our efforts during and after the general election campaign on publishing a range of fact-based outputs. These included: two briefings, *Social care: The action we need* and *Stopping the staff we need? Migration choices in the 2019 general election*; a [slidepack of key facts and figures](#) on NHS and social care aimed at journalists; blogs on 'hot topics' from [privatisation](#) to [waiting times](#), [health spending](#) and [NHS reorganisation](#); and the issuing of [real-time responses](#) to election announcements.

Our annual summit in late February took place as Covid-19 was emerging as a significant threat to public health. The event was not specifically Covid-19 focused – we hosted discussions on topics ranging from [health inequalities](#), [lessons from US health care reform](#), [integrated care](#) and [variation and equity](#) to [digital innovations](#), and our Chief Executive delivered a [keynote speech](#) on the NHS's long history of reform and reorganisation. However, the timing of our event and our keynote speeches from [Secretary of State for Health, Matt Hancock](#), and [Chief Medical Officer, Chris Whitty](#), and our In Conversation with

[NHS England's Chief Executive, Sir Simon Stevens](#), provided a high-profile opportunity to get the latest on the fast-moving picture.

Shortly after the summit, with the significance of Covid-19 for health and social care services becoming apparent, we pivoted much of our work programme to the outbreak, offering [informed commentary](#) on the [NHS and social care system's readiness](#) for the pandemic, analysis of the impact of the outbreak through our [blogs and Charts of the Week](#) and – as national lockdown began to be eased – investigation of the implications for non-Covid-19 NHS care and particularly for future services. We published three Covid-19 focused briefings – [Here to stay? How the NHS will have to learn to live with coronavirus](#), [Recovering from Covid-19: The international picture](#) and [The impact of Covid-19 on the use of digital technology in the NHS](#) – as well as analysis on the [Test and Trace system](#), [deaths in care homes](#), [mortality data](#) and [the impact of the pandemic on Accident & Emergency \(A&E\)](#).

Our work on Covid-19 also saw us deliver new events and plan new partnerships to support the NHS's efforts in response to the outbreak. We held a virtual roundtable just after the first wave of the pandemic, at which we asked *What has Covid-19 revealed about the UK's health policy and institutions?*, and were joined by a range of academics, journalists and policy-makers including former Department of Health Permanent Secretary, Una O'Brien, and Imperial College London's Professor Neil Ferguson. We also began a series of virtual roundtables looking at risk management across primary and secondary care in the context of the continued presence of Covid-19.

On partnerships, we joined forces with The Health Foundation, The King's Fund, The Strategy Unit and Imperial College Health Partners to [provide additional analytical support](#) to the NHS nationally in its overall response to Covid-19, resulting in research on changes in activity over the pandemic, future impact on waiting times, and differential impacts across rural and urban areas. Two of our senior communications staff were seconded to NHS England during the peak of the outbreak to help with external communications. We also developed a partnership with the WHO on Covid-19, contributing content for its Health System Response Monitor site on social care and analysing different countries' approaches to protecting care homes.

While much of our activity during the period was focused on the general election and Covid-19, we also carried out work on other important longer-term issues, including: health care reform through our [independent assessment for the Greater London Authority of major hospital reconfiguration proposals](#) measured against the Mayor of London's six tests; and public attitudes to health and social care through our [joint analysis of the British Social Attitudes Survey](#) with The King's Fund.

An important part of our new 2020–25 strategy is a focus on the history of the NHS to ensure that past lessons on health policy are not forgotten. We created a dedicated area on our website for Dr Geoffrey Rivett’s book [The history of the NHS](#) and a revamped interactive [NHS reform timeline](#), and published reports looking at lessons from the history of [strategic health authorities](#) in the NHS and lessons from the [history of NHS hospital building projects](#).

Two other longer-term issues generated significant activity over the year: Brexit and social care.

On Brexit, we provided expert commentary and analysis through media briefings for outlets from the BBC’s *Newsnight* to CNN, [blogs](#), [articles](#) for the *British Medical Journal* and oral evidence at two parliamentary committees. Building on our reputation for incisive commentary and analysis on Brexit, we secured funding from The Health Foundation for a five-month project to work with a team of academics to set up a monitoring process looking at the impact of Brexit on health, social care and the NHS.

On social care, we contributed to ongoing policy debate around the pressing need for reform, with members of the team presenting to and meeting with a large number of policy-makers and opinion-formers, including No. 10 Downing Street, the Minister of State for Social Care, Helen Whately, and Shadow Minister, Liz Kendall, as well as a number of MPs interested in social care reform. Drawing on previous analyses of social care in Germany and Japan, as well as our policy analysis of key principles for reform, we published articles on issues including the [future of the social care workforce](#) and the need for proper reform to [sit alongside a cap on social care costs](#). In the spring of 2020 we published a [new series of explainers](#) setting out how social care provision, funding and workforce compares across the UK’s four countries.

We have continued to take an interest in the way in which the NHS organises itself to deliver integrated care. We have been working with NHS England and NHS Improvement in several regions to understand and inform debate on the development of integrated care systems and integrated care providers, and this will continue into 2020/21.

4. Our impact

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

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

Looking at our three strategic objectives in turn, we can highlight some real examples of impact – and public benefit – in 2019/20 in each of these categories.

Some of these are high profile and our influence is clearly stated or acknowledged; some are stories that are less well-told. Some are examples where our impact has been generated quickly as a result of targeted and tailored interventions; some are the result of years of work by the Nuffield Trust. This section does not attempt to provide a comprehensive list of all the areas in which we have achieved impact. Rather, it attempts to capture the highlights of a seismic year in health and social care.

4.1 Impact achieved through our work generating and synthesising information on health and social care that can facilitate both better policy and better practice

A wide range of our work falls under this objective, which covers much of our ‘sense-making’ and explainer work, as well as in-depth analysis. Impact highlights from 2019/20 include the following:

- Two clear examples of impact from our [prisoner health](#) project are as follows:
 - The analysis contributed to the Ministry of Justice publishing new and regular figures regarding the number of pregnant women in custody and births in prison,

- with our research highlighted in the Ministry of Justice’s review and the policy highlighted as a key recommendation in our work.
 - The work is being used at HMP Wandsworth to enable advice and guidance for patients with clinical needs.
- Some excellent impact from our Chart of the Week series includes the following:
 - Our Chart of the Week analysis of Test and Trace data was replicated with permission by the Office for Statistics Regulation in [correspondence](#) to the Department of Health and Social Care as an example of best practice regarding the presentation of the data.
 - Sir Michael Marmot shared our first chart on health inequalities on social media, achieving an additional 360 retweets and he has reproduced the chart in an [academic publication](#).
- Our work for the Greater London Authority looking at North Central London’s proposals for major hospital reconfiguration directly influenced the Mayor of London’s response to the proposals, including highlighting previously under-explored issues around health inequalities.
- Research findings from our analysis of childhood obesity in Wales were used by the Welsh government to inform the Public Health Wales Obesity Strategy.

4.2 Impact achieved through our work challenging and supporting those involved in planning and delivering health care to think more creatively and innovatively about how to adapt and redesign services to meet changing patient needs

Much of our work aimed at informing health care managers, clinical leaders and policy-makers falls under this objective. This includes our evaluations, our consultancy work for individual NHS organisations and also our convening and events work. Impact highlights from 2019/20 include the following:

- Our work with Health Navigators, York Teaching Hospitals and the Vale of York Clinical Commissioning Group was Highly Commended in the 2019 HSJ Partnership Awards. This project draws on Nuffield Trust data assurance to use artificial intelligence to identify patients at risk of becoming high-intensity health service users, who are then referred to the company’s telephone-based proactive health coaching service. It is now deployed at seven sites across England.
- Our work commissioned by the National Workforce Skills Development Unit looking at attitudes towards mental health careers has been directly used by Health Education England to inform promotional campaigns. Our advice also led to a change in the descriptions used on the Mental Health Careers [website](#).
- We have had numerous approaches to present to NHS provider boards and senior teams about our work on smaller hospitals, including East Kent, Dorset and the Isle of Man. Our guest editorial on smaller and remote hospitals in the *Future Hospital Journal* was the fastest downloaded article in the journal’s history (more than 1,200 times in under a month).
- Following our briefing looking at [maternity services in smaller hospitals](#), our Senior Fellow has been appointed an advisor to the National Centre for Rural Health and Care and

Rural England Community Interest Company in developing a toolkit to help people who are managing public services to better account for rural challenges.

- Our analysis of the special measures for quality improvement carried out under the Rapid Service Evaluation Team (RSET) project led to the project team presenting findings to senior staff at the Department of Health and Social Care and NHS England and NHS Improvement's joint strategic oversight group. It also led to NHS England commissioning work from the Nuffield Trust on financial special measures.
- Our previous work on commissioning led to NHS England asking us to help them develop and refine their approach to specialised commissioning through facilitating four workshops on neurology and neurosurgery.
- Our paper on lessons from the history of strategic health authorities directly led to our Chief Executive being asked to facilitate a regular group meeting of the seven Regional Directors of NHS England.
- The Comprehensive Geriatric Assessment project, completed in 2018, aimed to help commissioners and hospitals improve care for frail older people. This work continues to have widespread clinical and service impact. In particular, the hospital frailty risk score developed by our team, in collaboration with academic colleagues, has been adapted for use worldwide and is used in England to plan service improvements and evaluate outcomes for frail older people.
- Nuffield Trust work dating back several years on risk stratification continues to be influential, with the integrated care systems under development building in the risk stratification approaches we created, which use linked person-level data to identify patients most likely to have unplanned future hospital admissions.

4.3 Impact achieved through our work providing information on the evidence, statistics, facts and research that politicians and policy-makers use in their interventions in the health and care system in the UK

The policy and public affairs work that we do is in pursuit of this objective, offering rigorous analysis to inform politicians from all four UK countries, policy-makers in central and local government as well as within NHS arm's-length bodies. Impact highlights from 2019/20 include the following:

- Our 2019 joint report with The King's Fund and The Health Foundation, [*Closing the gap: Key areas for action on the health and care workforce*](#), led to us participating in a number of steering groups within NHS England and NHS Improvement for the development of the NHS People Plan. The *People plan* was eventually published in 2020, taking on board many of the recommendations from *Closing the gap*. In addition, the influence of this work was evident in several follow-up announcements, including on apprenticeships and international recruitment.
- There has been significant impact from our work on social care, including:
 - There have been multiple citations in the media and parliament, including during an Opposition Day Debate and a debate on the Immigration Bill. Following a telephone briefing between our social care lead and the Shadow Minister for Health and Social Care, Liz Kendall, she tabled a [question at Prime Minister's](#)

[Questions](#) on the need for a special migration category for people wanting to work in social care. Media highlights included the BBC's *Newsnight*, Radio 4's *The Westminster Hour*, the news platform Tortoise and *The Times*.

- Presentations and meetings took place with a wide range of groups, including: 60 MPs interested in social care reform; Andy Burnham (the Mayor of Greater Manchester) and a group of former care ministers; the Prime Minister's health advisor; and the Cabinet Office.
- Senior briefings from government and leaked to national newspapers have indicated immense government interest in the lessons from the German and Japanese social care systems following our earlier work on these.
- There has been a widespread profile on and interest in our Covid-19 briefings [Here to stay?](#) and [Recovering from Covid-19: The international picture](#) including: media coverage on the BBC's *Newsnight*, BBC radio bulletins, *Times Radio*, *The Guardian*, the *Financial Times* and *The Independent*; a significant response to the themes of *Here to stay?* from the Health Select Committee; invitations for the authors to present to the board of a leading London hospital and the NHS England Strategy Team respectively; and a further piece of work for the European Observatory on Health Systems and Policies exploring themes from the research.
- There have been invitations to give oral evidence at five committee sessions: twice to the Health Select Committee (on finances and the Covid-19 recovery respectively); the new House of Lords Public Services Committee inquiry on lessons from coronavirus for the future of public services; the Lords International Agreements Sub-Committee about the impact of a US trade deal on the NHS; and the Welsh Assembly's External Affairs and Additional Legislation Committee on Brexit. We also submitted nine pieces of written evidence, with our evidence to the Migration Advisory Committee cited in their final report.
- In addition to the impact generated by our Covid-19 international comparisons work, we have had continued impact for previous analyses of health care in international comparisons and four-UK country comparisons, including being appointed a rapporteur for the European Observatory on Health Systems and Policies and in contributions to ongoing debate over the health service in Northern Ireland through prominent participation in the BBC's *Spotlight* programme.
- Over the summer of 2020 we were asked to give our expertise to the Prime Minister's Health and Social Care Taskforce and participated in meetings on public health, pandemic resilience and primary care.

5. A look forward to the year ahead

We are at a time of significant uncertainty in the external environment. The Covid-19 pandemic and the associated turbulence it has created has had a very significant impact both on the Trust and on the health and care system our work sets out to improve. However, the areas of interest and the approaches we outlined in our five-year strategy for 2020–25 remain highly relevant, notwithstanding that the findings and recommendations of our work will necessarily be influenced by learning from the pandemic.

The year ahead will present a number of challenges to the nation's care systems as it seeks to recover from the impact of Covid-19. There are likely to be long-term changes as a result of this and the Nuffield Trust is well placed to make a positive contribution to these changes before and as they happen.

The foundation to the coming year has been to confidently maintain budgets at a level that allows us to deliver at least pre-Covid-19 levels of activity. Supported by the recently reviewed Reserves Policy, and using scenario planning models, the budget for the year ahead has been agreed at business as usual levels; this will be key to achieving the impact and public benefit we are targeting.

Work planned for 2020/21

In our **workforce** programme, we will publish work on mental health nursing and the training pipeline for psychologists and continue to update our NHS tracker to offer insights into how to achieve the government's commitments around staffing.

Our **technology and digital** programme will see us publish the Care City evaluation, which will strengthen the evidence base on the practical implications of digital initiatives. We will also complete our international comparative analysis of health care digitalisation policies in partnership with the European Observatory on Health Systems and Policies.

Through our **primary care** programme, we will focus on the impact of a rapid adoption of new models of primary care that are 'remote by default', through our partnership with the Universities of Oxford and Plymouth. We will also examine the quality of primary care using patient experience data from the General Practice Patient Survey (GPPS).

In our **small, remote and rural services** programme, we will undertake a piece of work to assess which factors have been important in driving the reconfiguration of acute medicine and emergency services in hospitals during the Covid-19 pandemic. We will also

continue to build on our work on medical generalism and acute medicine in small hospitals.

Our **quality and equity** programme will see us publish our QualityWatch annual data story asking ‘What is the impact of the shift to remote care for patients?’, examining the impact of Covid-19 changes on care quality. Through QualityWatch we will also track the overall quality and performance of health and care services as they grapple with the aftermath of Covid-19. We will track prisoners’ hospital use and develop a novel approach to identifying a matched sample in the non-prisoner population.

Our **politics, funding and reform** programme will see us exploring the resource implications of government spending commitments and population demand for health care, looking at the implications of the Covid-19 pandemic for NHS resourcing and funding. We will build on our reputation for first-rate analysis of social care reform through analyses of the UK provider market, China’s long-term care reforms, and the impact of Covid-19 on long-term care in other countries. We will also deliver our Brexit Health Tracker programme to comprehensively map out how Brexit is likely to affect health and social care.

Communications plans

We will develop a communications strategy to complement the corporate strategy, focusing on:

- improved understanding and benchmarking of our audiences;
- refreshing and updating our website;
- training and diversifying our spokespeople;
- refining the suite of tools for disseminating our work;
- working out new ways to understand and measure impact;
- developing our online and in-person events; and
- reviewing our communications approaches to our work on service redesign (our second strategic objective).

Organisational development

To enable our staff to deliver our ambitious programme of work, they need to be well supported, have the tools that enable them to work effectively and efficiently and continue to develop and share the skills that are critical to delivering the aims of the organisation.

Staff wellbeing is paramount in these uncertain times; the Nuffield Trust will be conducting its biennial staff survey this winter. Smaller surveys have been carried out

during 2020 and this will be an opportunity to consolidate the understanding of how our culture has developed, not only since Covid-19, but since the last survey in 2018.

Remote working has become a staple for all of our work. Embracing the changes that have already been seen, we are developing an infrastructure that will build on these recent innovations, with aspirations to create a seamless working environment whether working in the Nuffield Trust's offices or from other remote locations.

More remote working will provide opportunities to use the existing office space more effectively. Plans are in motion to review the future working model and reconfigure the available space to support more collaboration, create and develop partnerships and ensure that the office environment supports the culture we have developed.

Financial review

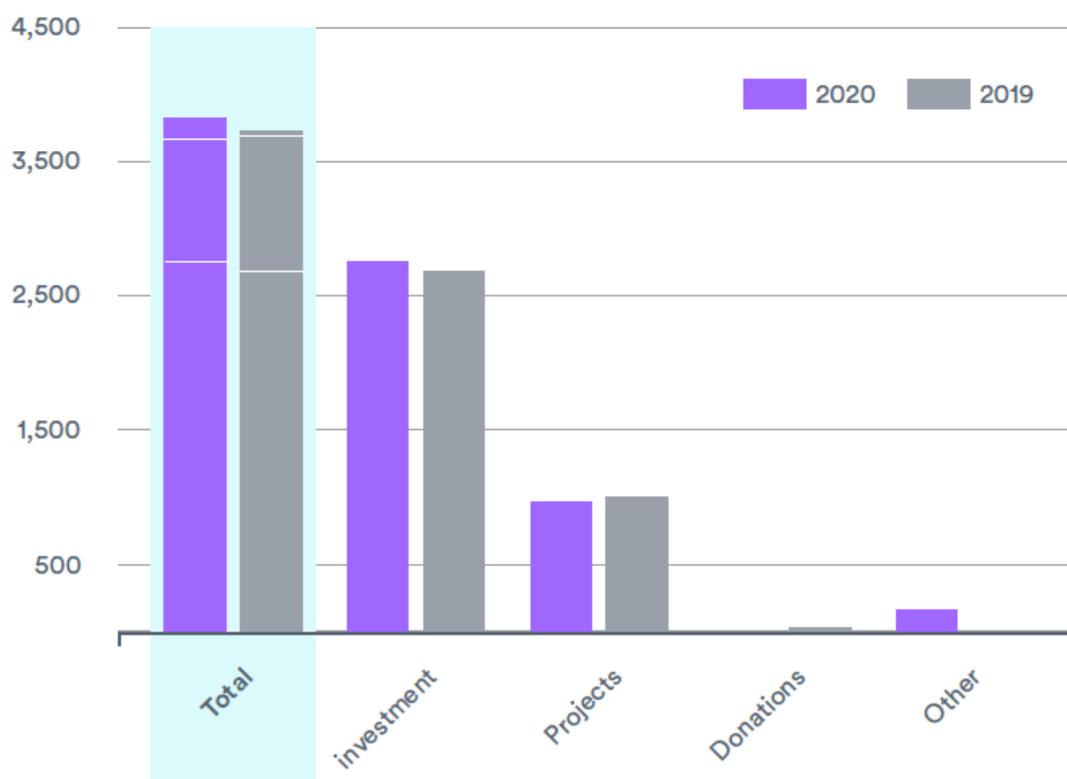
Review of income and expenditure for the year ended 30 September 2020

The financial statements for the year to 30 September 2020 have been presented as consolidated accounts for the two entities: The Nuffield Trust for Research and Policy Studies in Health Services and Nuffield Trading Limited.

The Nuffield Trust benefits from an endowment, which is primarily held in an investment portfolio. On a long-term basis, and in line with our financial strategy and reserves policy, we aim to maintain the value of these investments (adjusted for inflation). Given the above, in some years our annual report will show a significant surplus, while in others it will show a significant deficit. This year, as was the case last year, investments have performed ahead of target, so we are showing a surplus.

Total income for the year amounted to £3,821,000 (2019 – £3,720,000), of which £943,000 (2019 – £994,000) was generated from charitable activities and £2,878,000 (2019 – £2,726,000) was derived from other sources, namely investments, donations and other trading activities.

Income

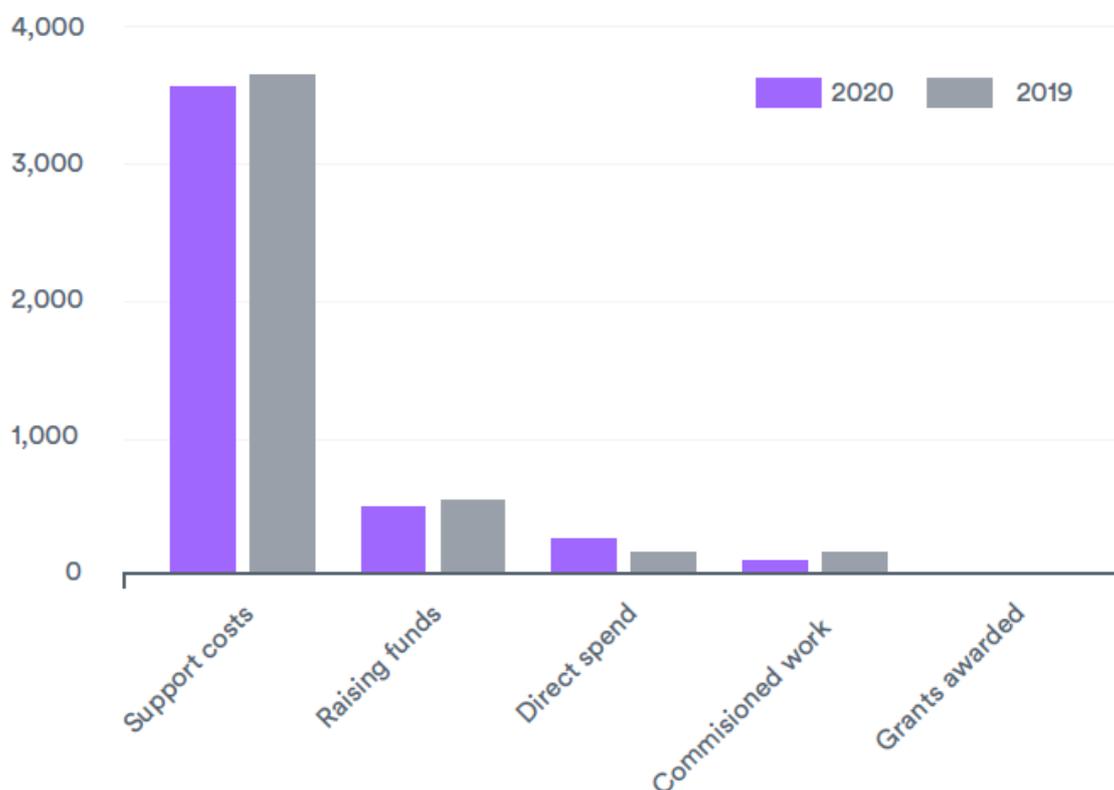


Income from charitable activities decreased by £51,000 between 2019 and 2020 due to a reduction in purely funded work, with more projects being either internally funded or delivered with a joint funding approach between the Trust and other partnering organisations. Work on projects may span more than one year, and income and expenditure are recognised taking into account an assessment of the proportion of work completed at the year end.

Income from other sources increased by £152,000 between 2019 and 2020, due to a £64,000 increase in investment income, an increase of £122,000 in other income and a decrease of £34,000 in donations.

Total expenditure for the Trust for the year was £4,428,000 (2019 – £4,516,000), of which £3,932,000 (2019 – £3,967,000) related to charitable activities, which includes the costs of completing project work. Support costs in note 9 in ‘Notes on the financial statements’ (page 64) include the costs of employing staff and providing the infrastructure to enable the work of the Trust to be completed. Direct spend on projects includes commissioning expertise; disseminating our work, including making it available through open access; and ensuring that our work is subject to appropriate peer review.

Expenditure



Expenditure on charitable activities decreased by £35,000 between 2019 and 2020 due to the net effect of a decrease in expenditure on commissioned work, an increase in spend attributable to income generating activities (direct spend on projects) and a planned increase in staff costs. This increase in staff costs has enabled increased capacity for the delivery of charitable activities, contributing to increased impact. These have been offset by cost savings seen due to the extraordinary impact the coronavirus pandemic has had on both premises’ expenses and general costs during the year, primarily through the saving of costs while the office was closed.

Expenditure on raising funds decreased by £53,000 between 2019 and 2020 due to investment management fees decreasing by £57,000, and the staff costs allocated to generating funds increasing by £4,000.

The net gain on investments for the year was £2,664,000 (2019 – £4,463,000). Further details on investment performance are given below.

The net income for the year was £2,057,000 (2019 – £3,667,000).

The Trust has developed a new five-year strategy, covering the period 2020–25, in which it lays out the plans for future periods. This strategy sets out the Trust’s core objectives in pursuit of achieving the charitable purpose of the organisation:

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

Further information regarding the Trust’s approach to delivering the strategy and the specific measures of success can be found on our website at:

www.nuffieldtrust.org.uk/about.

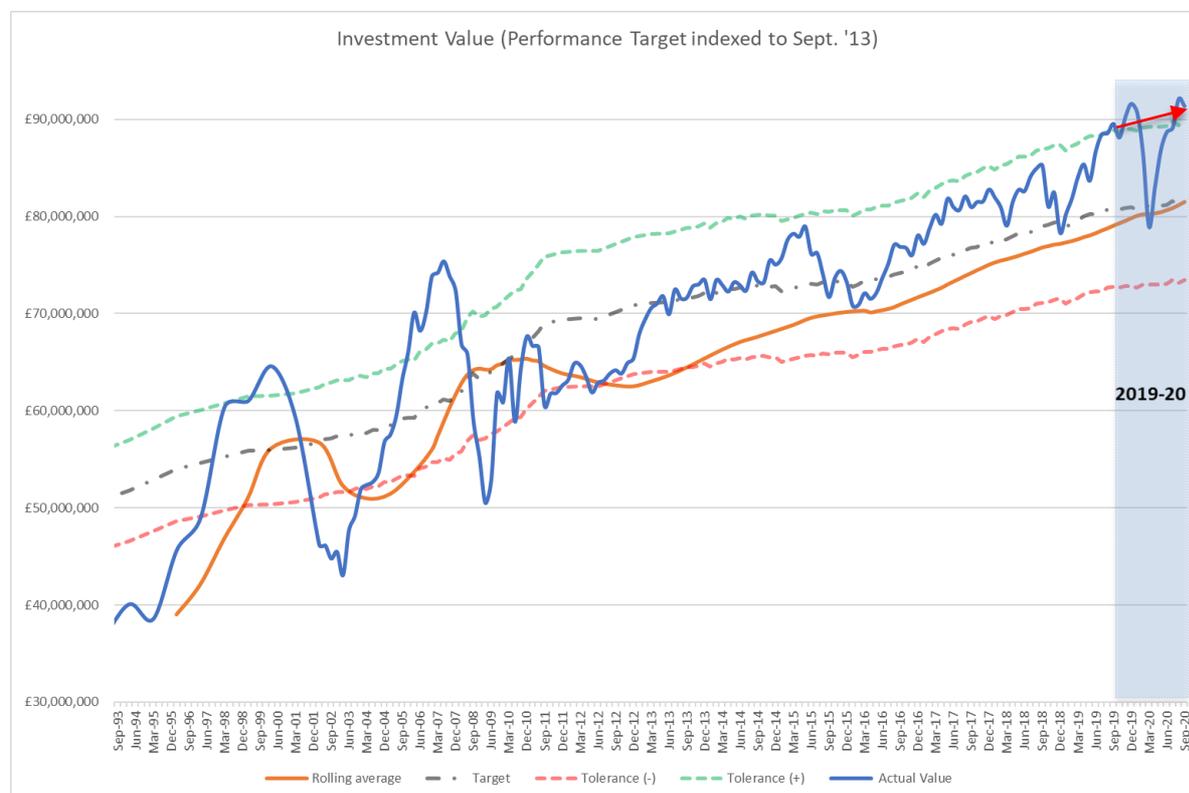
Net assets at 30 September 2020

The Trust’s consolidated net assets at 30 September 2020 amounted to £95,174,000 (2019 – £93,117,000). This represents an increase of £2,057,000 (2.2%) compared with the net assets at 30 September 2019, which was caused by growth in the value of investment funds.

Investment performance

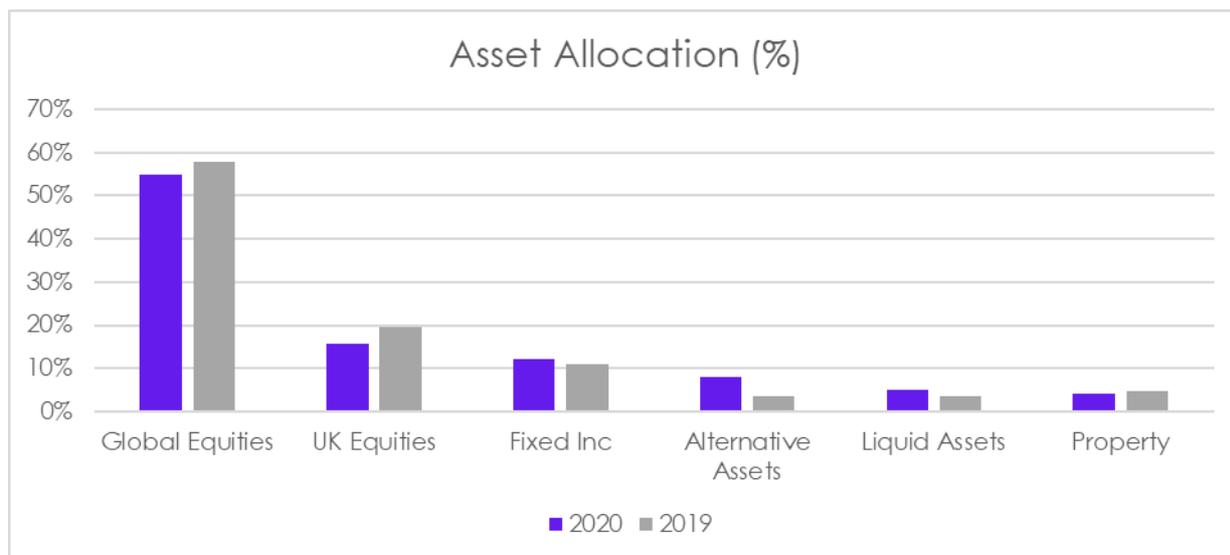
The long-term investment objective for the combined portfolio is to achieve a total return, net of fees, of the Consumer Price Index (CPI) + 4.5% a year; designed to enable a drawdown of funds to support expenditure on charitable activities. Over shorter time periods, performance is measured against a bespoke benchmark based on the underlying strategic asset allocation.

The overall return (before fees) on the total investment portfolio was £5,402,000 for 2020 (2019 – £7,138,000). The portfolio of investments had a total value at 30 September 2020 of £91,386,000 (2019 – £89,571,000).



Long-term analysis of the available data shown in the chart above (March 1992 to September 2020), shows that the total value of the investment portfolio, after taking into account withdrawals to support charitable purpose and investment management fees, has risen ahead of inflation, as measured by the CPI, and ahead of the Trust’s agreed investment performance targets, currently set as CPI + 0.5%. The chart above presents the value of our investments in absolute monetary terms, which would capture the impact of periods where the total amount drawn from investment funds differed from the 4% drawdown model, for example during periods of reduced activity or the reinvestment of surplus funds.

The tolerance bands in the chart above are used in order to quantify the expected volatility inherent in the agreed investment strategy and to help assess the level of risk in the portfolio at a given time. Risk, often measured in terms of equity risk, is closely monitored by management and can be presented in terms of comparative asset allocation. As might be expected, in particularly volatile markets, as seen recently, the equity weighting of the portfolio reduced compared with the same time last year.



For the 12 months to 30 September 2020, the total value of the investment portfolio has risen 1.5% (2019 – 3.2%) ahead of inflation, as measured by the CPI, or 1.0% (2019 – 2.7%) ahead of the inflation linked target.

During the year under review, the investment assets of the Trust were managed by Sarasin and Partners LLP, with a small amount of funds invested in a J.P. Morgan Property Fund, which is in the process of liquidation. Funds previously invested with Ruffer LLP have been liquidated and re-invested under the Sarasin and Partners LLP mandate.

The funds managed by Sarasin and Partners LLP are invested in two funds, which complement each other to achieve the approved investment strategy: the majority of funds are held in the pooled Endowments fund (formerly, Alpha CIF for Endowments), a diversified multi-asset exempt fund for charities; and the remaining funds are held in a segregated Global Equity Dividend fund, allowing greater exposure to global equity assets. Both funds have an ethical investment policy that includes avoiding tobacco stocks (further details on ethical restrictions can be found in the next subsection ‘Financial strategy and reserves’). The individual income yields on the Endowments and Global Equity Dividend portfolios were 3.1% and 2.6%, respectively, and the combined weighted yield across the aggregated portfolios was 3.0% at 30 September 2020 (2019 – 3.1%).

Following the 2017 investment review and the movement of all available funds to management under Sarasin and Partners LLP, Ruffer LLP has ceased to hold any funds (2019 – £344,000), previously held in closed-end assets that were due to liquidate in accordance with their predetermined end dates.

The Trust also holds investment in J.P. Morgan Asset Management's European Property Fund, another closed and illiquid asset in the process of liquidation. These funds are held separately from the assets managed by Sarasin and Ruffer. At 30 September 2020, the fair value placed on this investment, after taking account of redemptions of £21,000 (2019 – £56,000) received in the year, including cash held against currency hedge, was £27,000 (2019 – £45,000).

Financial strategy and reserves

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

The Trust's policy on expenditure is to ensure there are adequate funds in order to generate a sufficient return to fund both the current and future charitable activities of the Trust. The Trust generates income from a variety of activities that support its core purpose and make the best use of its resources. Where the money generated is insufficient to cover its total expenditure, a proportion is drawn from the investment capital. In agreeing the level of resources, Trustees are mindful of their responsibility for the long-term stewardship of the Trust. Trustees take a risk-based approach, which aims to balance the Trust's ambition in meeting its charitable objectives; its ability to generate income; and its capacity to spend from investments, now and in the future.

The Trust's total reserves at 30 September 2020 amounted to £95,174,000. As set out in note 20 in 'Notes on the financial statements' (page 75), £95,129,000 of this represents the expendable endowment, with the balance of £45,000 in a designated fund to meet external costs related to self-funded projects that the Trust has committed to undertake.

The Trust's policy on reserves is based on ensuring that they are sufficient to support the long-term nature of its work and cope with fluctuations in annual income. The Trust's policy on 'free reserves' is based on a risk-based modelling approach, assessing the impact and timing of key operational risks (as described below) and ensuring the level of reserves is sufficient to mitigate against likely events. Free reserves exclude funds that can only be realised by disposing of tangible assets, and are distinct from funds assigned for other purposes, which in accordance with Charity Commission guidance, would also exclude the value of endowment funds. Free reserves have been agreed at a target level of £1,750,000, reviewable annually, but allowing a +/- 25% variance from this target before a recovery

plan is required. Current free reserves (being the total of ‘short-term deposits’ and ‘cash at bank and in hand’) are £1,734,000 and are within the target band. The Trustees consider reserves to be at an appropriate level as these funds are sufficient to meet the foreseeable future activities and income fluctuations.

The Trust’s policy on investments is to take a long-term approach, investing globally in a range of assets with the intention of preserving the value of the endowment in real terms after any drawdown to fund expenditure. Having reviewed the stance on Environmental, Social and Governance (ESG) issues, the Trust has recently extended the breadth of its investment restrictions, previously only restricting to direct investment in tobacco. The restrictions now also include any organisation generating greater than 10% of annual revenues from armaments, gambling, alcohol and adult entertainment. In addition, Trustees are committed to reviewing the Trust’s ethical investment restrictions at least annually.



The Trust’s investment strategy is to manage the portfolio on a total return basis, income and capital combined. The Trust has an asset allocation that is geared towards equities because of their higher expected returns in the long term (based on historical performance). The Trustees recognise that the Trust will need to withdraw both investment income and some of the investment capital to fund the gap between its annual income and expenditure. This is set annually as part of the budget process, based on the average value of the investment fund over the last 20 quarters.

Going concern

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

- In support of the Trust’s strategic aims and to enable successful translation of activities to budget, the Trust has produced a one-year business plan.
- The budget is based on a risk-based, scenario planning approach. Within this approach there are a number of triggers and measures that will enable the Trust to monitor performance and plan appropriate action should triggers not be met.

- There will be increased financial reporting to the Trustees and to the Leadership Team to ensure timely information in support of strategic decision-making.

More broadly, the Board regularly reviews forecasts and projections and has not identified any material uncertainty relating to going concern.

Structure, governance and management

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

The Trust's Articles of Association provide for a minimum of four Trustees, and a maximum of 12. Trustees are appointed for an initial term of three years and may be reappointed for up to two further terms, each of three years. Appointment as a Trustee is open to any suitably qualified member of the public. Newly appointed Trustees are provided with an induction programme, which sets out the activities of the Trust and their responsibilities as a Trustee. During the financial year, the Trust reviewed the Memorandum and Articles of Association, making minor changes to administrative clauses; the amendments have been accepted by Companies House and the Charity Commission.

Details of the Trust's current Trustees, and those who served during the year, are set out on page 4.

The Board of Trustees meets four times a year with the Chief Executive and the Leadership Team to handle business that has not been formally delegated to the Chief Executive and to consider other matters related to the operations of the Trust. The Board of Trustees has established a number of standing committees to support it in its work.

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

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

The membership of these committees is shown on page 4.

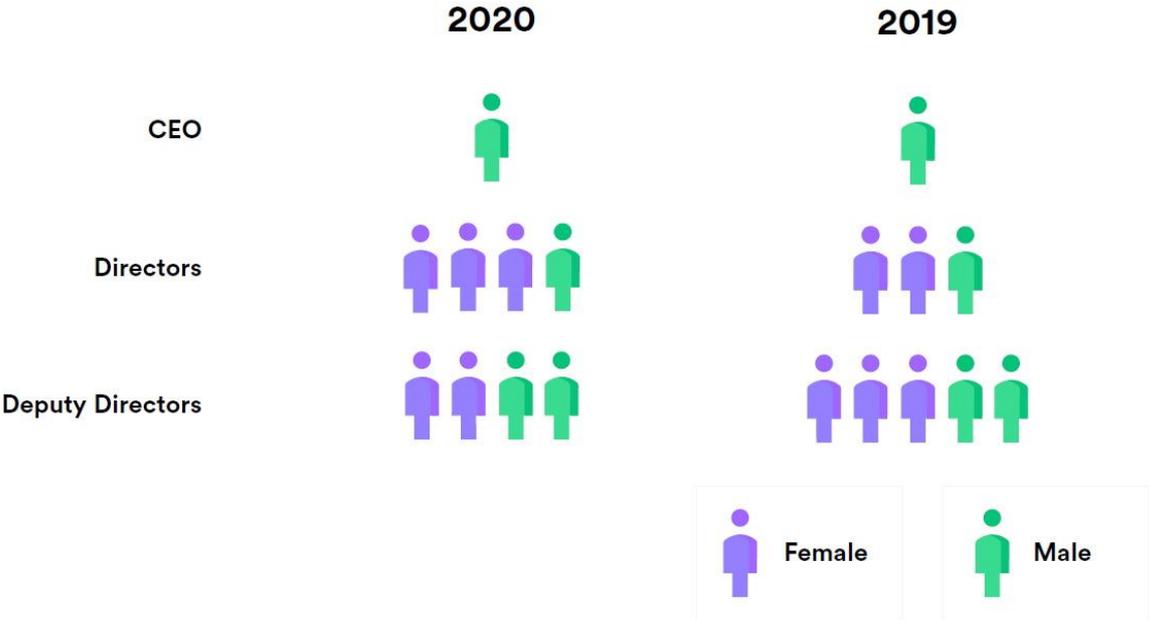
Organisational structure and how decisions are made

The Trustees appoint a Chief Executive, to whom they delegate the responsibility for realising the Trust’s strategies and objectives and for the day-to-day management of the Trust. The Chief Executive is supported by a Leadership Team, to whom they delegate authority for financial and contractual decisions, as detailed in the ‘Scheme of Delegation of Financial and Contractual Authorities’. The corporate governance arrangements, including the Scheme of Delegation, are reviewed at least every two years. The last review and update was completed in June 2019 and the next review is scheduled to be completed by the spring of 2021.

Directors work within the framework set by the strategic plan and annual operating plan approved by the Board. Work programmes are produced for the different areas of activities. Progress on these work programmes is reported regularly to the Board, and approval secured for changes where necessary. The Board monitors, reviews and takes action on strategic goals and work programmes. Details of the current key management personnel and those who served during the year can be found on page 4.

Although the Directors retain ultimate management responsibility, during the year, responsibility for decision-making was extended to include the departmental Deputy Directors; extending the Trust’s Leadership Team compared with previous years.

The Leadership Team structure for decision-making is illustrated below:



Our funding

The Nuffield Trust has an expendable endowment valued at £95,129,000 at 30 September 2020. This endowment provides the Trust with a valuable source of income (£2,738,000 in the current year). We also obtain funds by withdrawing a proportion of the investment capital each year, in line with our financial strategy.

These sources of funds are not adequate to fund all our activities but guarantee a consistent and completely unrestricted stream of funds. The sources of our other income, from charitable activities, donations and others, are set out in the ‘consolidated statement of financial activities’ (see page 55).

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

Managing risk

The Trust’s risk management approach, governed by the Board of Trustees, is documented as the ‘Corporate Risk Assessment and Management Framework’. This framework describes the processes defining risk identification, assessment, recording, ownership, measurement and monitoring. A complete review of the approach to risk management was undertaken during the year.

Within the framework, there are three categories of risk:

- ‘static’ – that is, unlikely to require significant change in the short to medium term;
- ‘dynamic’ – that is, ever changing and with management controls that are under constant review; and
- ‘evolving’ – that is, low-level risks that may, in the right environment, convert into high-level risks in the future, captured on a ‘watch list’.

The review frequency of each category has been defined to ensure appropriate levels of focus and resource are applied.

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

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

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

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

As a direct result of the coronavirus pandemic, a number of risks were heightened following a mid-year assessment. The Trust recognised that an impact of the pandemic was the increased likelihood of a number of risks occurring and, following best practice, the related mitigations were reviewed and improved. The severity of these specific risks and the effectiveness of the related mitigations have been closely monitored.

Specifically, three areas have been under increased monitoring: information governance, cybersecurity and employee wellbeing.

Risks relating to information governance and cybersecurity are closely linked. With increased homeworking due to national social restrictions and a drive for employees to work from home if they can, the Trust recognises that the control environment has changed and that additional precautions have been necessary.

In addition, the Trust recognises that its employees' personal circumstances have been significantly affected by the pandemic and has developed a programme of support to ensure staff have the tools to do their work, managers who are engaged and a culture that is inclusive in order that individuals can maintain a balance and are able to voice issues as they arise. (For more information, see the section 'Organisational effectiveness' on page 46.)

Remuneration policy

The Trust aims to provide all staff with remuneration packages that are competitive, fair, equitable and sustainable within the available resources of the Trust. The pay and remuneration for directors are approved by the Governance, Nominations and Remuneration Committee. The pay and remuneration for all other staff are approved by the Chief Executive within the financial parameters approved by the Board upon recommendation from the Finance Committee. In reaching its recommendation, the Finance Committee considers key inflationary indicators (for example the CPI) and the increases made by comparable organisations and the NHS.

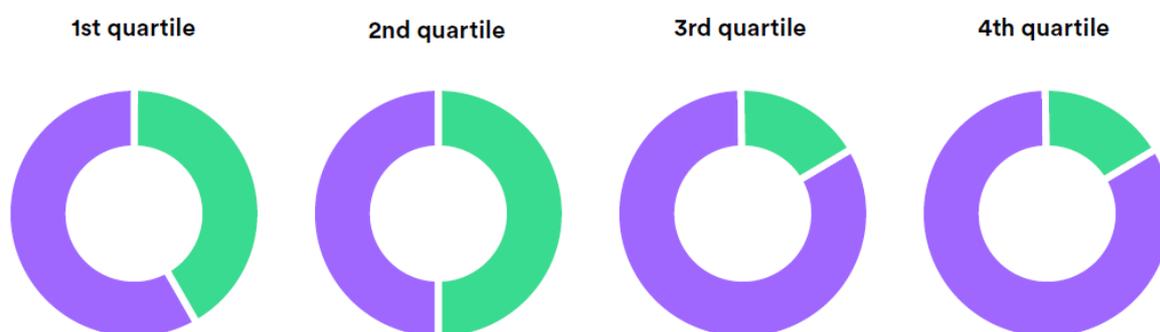
During the year, the Trust has continued to build on previous work around pay and progression and is developing a competency framework to support the decision-making

process and aid the targeting of activities around the development of individuals and talent.

Organisations that employ more than 250 people are required to publish figures comparing men and women’s pay. During 2019/20, the Trust had fewer than 50 individuals on the payroll, and is not therefore under a legal obligation to publish gender pay gap information.

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

The graphic below shows the gender balance of the Trust’s workforce by pay quartile (1st quartile = highest paid). Purple indicates female and green indicates male.



Overall, the workforce is predominantly female. While women are generally well represented at senior levels, there are very few male staff in the 3rd and 4th quartiles. During 2020, the Trust reviewed data on the gender, race and other protected characteristics of individuals and how all people are recruited, managed, developed and rewarded. We are making changes to ensure that our approach and processes are appropriately inclusive. (For more information, see the section ‘Organisational effectiveness’ on page 46.)

Fundraising policy

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

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

Organisational effectiveness

The Trust has maintained a focus on its effectiveness, from Board level through the entire organisation. A key component of this has been the impact of coronavirus on the way we work together, make decisions, provide assurance and support the wider organisation. However, not all initiatives that have been implemented have been driven by coronavirus; a number of activities were already in train before the pandemic began.

Performance and appraisal

We have instituted a new framework for Quarterly Reviews for staff, which builds on our previous annual appraisal framework. The output from the reviews informs the Trust's learning and development programme for staff, as well as feeding into decisions on formal progression for staff where that is appropriate. In that context, we are also continuing to develop the pay and progression framework established in 2018 by refining the organisational competency matrix to better understand and communicate the different skills that we need as an organisation, how they are valued and how they are required across the range of roles at different levels.

Staff pension scheme

In late 2019, the Trust undertook a pension provider market review, which resulted in the decision to move our pension plan to Royal London. The new pension scheme replaced the existing Legal & General scheme from 1 March 2020. The new scheme results in an enhanced benefit to staff at no additional cost to the Trust.

We also implemented a salary exchange arrangement for personal contributions. For most employees, this change resulted in an improvement in take-home pay compared with the current method of making pension contributions.

Employee Assistance Programme (EAP)

Following a review of Employee Assistance Programme (EAP) providers, the Trust terminated the existing contract, moving to LifeWorks.

LifeWorks offers a more comprehensive and interactive experience to employees, with a wide range of resources to support both physical and mental health and wellbeing. Categories of support and resources available include family, health, life, money and work. The types of support include helplines, blogs, videos, toolkits, learning programmes and assessments.

In addition, the Administration Dashboard provides instant feedback on employees' use of the website (those who have signed up and those who haven't, as well as anonymised data on access to the 'perks' available for online shopping).

Diversity and inclusion

Following a number of discussions at all staff meetings, a staff-led Diversity and Inclusion Group has been formed. The group is leading the development of a set of commitments on actions to improve the Trust's approach to diversity and inclusion, both as an employer and in our research.

Response to coronavirus

The second half of the year was of course dominated by changing our working practices in response to the coronavirus pandemic. The office was closed to all staff from 17 March 2020 and staff have been supported to work remotely since. In late May we surveyed all staff to understand their wishes and concerns with regard both to reopening the office and to continuing to work from home.

All staff have completed a display screen equipment (DSE) self-assessment in relation to homeworking, and the organisation has funded the purchase of relevant IT and office furniture as required on a case-by-case basis.

In accordance with government requirements, the Trust conducted a comprehensive risk assessment before partially reopening the office in September, with appropriate adjustments to ensure that it remains Covid-secure. Early indications are that the available capacity is meeting demand.

IT has been a key factor in keeping staff working and will continue to be so. The Trust has been working towards a seamless experience between homeworking and office working, with the purchase of hardware for the office, such as webcams for every desk and the installation of video communications software. We anticipate that meetings and communications will continue to be held primarily over video conferencing platforms for a considerable part of 2020/21.

Subsidiary undertaking

The Trust operates a wholly owned trading subsidiary, Nuffield Trading Limited, which historically carried out non-charitable trading activity for the Trust. At the end of the 2018/19 financial year in September 2019, the decision to absorb these activities into the charity as non-primary purpose income was made and the subsidiary has since moved to a dormant status. Details are included in notes 2 and 22 in the 'Notes on the financial statements' (see pages 61 and 76).

Responsibilities of the Trustees

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

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

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

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

The Trustees are responsible for keeping adequate accounting records that show and explain the charity's transactions, disclose with reasonable accuracy at any time the

financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 2006.

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

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

Auditors

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

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

Approved by the Chair on behalf of the Nuffield Trust:



Chair, Nuffield Trust

Date: 17 December 2020

Independent auditor's report to members of the Nuffield Trust

Opinion

We have audited the financial statements of The Nuffield Trust for Research and Policy Studies in Health Services (“the Parent Charitable Company”) and its subsidiary (“the Group”) for the year ended 30 September 2020, which comprise the Consolidated statement of financial activities, the Consolidated and charity balance sheet, the Consolidated statement of cash flows and notes on the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 30 September 2020 and of the Group's income and expenditure and the Parent Charitable Company's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor's responsibilities for the audit of the financial statements’ section of our report.

We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Trustees' Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

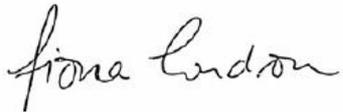
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken

so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Gatwick

Date: 14 January 2021

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

Consolidated statement of financial activities for the year ended 30 September 2020

| | Note | Unrestricted funds 2020 £000s | Expendable endowment fund 2020 £000s | Total funds 2020 £000s | Total funds 2019 £000s |
|---|------|----------------------------------|---|---------------------------|---------------------------|
| Income and endowments | | | | | |
| Donations | 4 | 11 | - | 11 | 45 |
| Investment income | 5 | - | 2,739 | 2,739 | 2,675 |
| Charitable activities | 6 | 943 | - | 943 | 994 |
| Other | | 128 | - | 128 | 6 |
| Total income and endowments | | 1,082 | 2,739 | 3,821 | 3,720 |
| Expenditure | | | | | |
| Raising funds | 7 | - | 496 | 496 | 549 |
| Charitable activities | 8 | 3,932 | - | 3,932 | 3,967 |
| Total expenditure before historic pension costs | | 3,932 | 496 | 4,428 | 4,516 |
| Historic pension costs | 23 | - | - | - | - |
| Total expenditure | | 3,932 | 496 | 4,428 | 4,516 |
| Realised and unrealised gains on investment assets | 13 | - | 2,664 | 2,664 | 4,463 |
| Net (expenditure)/income before transfers | | (2,850) | 4,907 | 2,057 | 3,667 |
| Transfers | 11 | 2,747 | (2,747) | - | - |
| Net (expenditure)/income and net movement in funds | | (103) | 2,160 | 2,057 | 3,667 |
| Reconciliation of funds – balances brought forward | | 148 | 92,969 | 93,117 | 89,450 |
| Balances carried forward | | 45 | 95,129 | 95,174 | 93,117 |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 58 to 81 form part of these financial statements.

Consolidated and charity (company number 00382452) balance sheet at 30 September 2020

| | Note | Consolidated 2020 £000s | Consolidated 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|---|------|-------------------------------|-------------------------------|--------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | 1,795 | 1,823 | 1,795 | 1,823 |
| Investments | 13 | 91,386 | 89,571 | 91,386 | 89,571 |
| | | 93,181 | 91,394 | 93,181 | 91,394 |
| Current assets | | | | | |
| Debtors | 14 | 738 | 653 | 738 | 704 |
| Short-term deposits | 15 | 1,683 | 1,639 | 1,683 | 1,639 |
| Cash at bank and in hand | | 51 | 102 | 51 | 51 |
| | | 2,472 | 2,394 | 2,472 | 2,394 |
| Creditors: amounts falling due within 1 year | 16 | (351) | (572) | (351) | (572) |
| Net current assets | | 2,121 | 1,822 | 2,121 | 1,822 |
| Creditors: amounts falling due after 1 year | 17 | (128) | (99) | (128) | (99) |
| Net assets | | 95,174 | 93,117 | 95,174 | 93,117 |
| Funds | | | | | |
| Expendable endowment | 20 | 95,129 | 92,969 | 95,129 | 92,969 |
| Designated fund | 20 | 45 | 148 | 45 | 148 |
| Total funds | | 95,174 | 93,117 | 95,174 | 93,117 |

The surplus attributable to the Charity for the year ended 30 September 2020 was £2,057,000 (2019 – £3,667,000).

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

Approved by the Chair on behalf of the Trustees of the Nuffield Trust and authorised for issue on 17 December 2020.



Andrew McKeon CBE
Chair, Nuffield Trust

The notes on pages 58 to 81 form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 September 2020

| | Note | 2020 £000s | 2020 £000s | 2019 £000s | 2019 £000s |
|---|------|---------------|---------------|---------------|---------------|
| Cash used in operating activities | 24 | | (3,555) | | (3,542) |
| Cash flows from investing activities | | | | | |
| Dividends and interest from investments | | 2,735 | | 2,675 | |
| Purchase of tangible fixed assets | | (36) | | (91) | |
| Proceeds from sale of investments | | 7,120 | | 6,845 | |
| Purchase of investments | | (6,271) | | (6,673) | |
| Cash generated by investing activities | | | 3,548 | | 2,756 |
| Decrease in cash and cash equivalents | | | (7) | | (786) |
| Cash and cash equivalents at the beginning of the year | | | 1,741 | | 2,527 |
| Cash and cash equivalents at the end of the year | | | 1,734 | | 1,741 |
| Analysis of cash and cash equivalents | | | | | |
| Short-term deposits | 15 | | 1,683 | | 1,639 |
| Cash at bank and in hand | | | 51 | | 102 |
| Total funds | | | 1,734 | | 1,741 |

No reconciliation of net debt has been prepared as the Trust holds only cash and cash equivalents.

Notes on the financial statements

1. Accounting policies

The Nuffield Trust is an incorporated charity registered in England and Wales with the Charity Commission. The address of the registered office is given on the opening page of this document and the nature of its operations is set out in the report of the Directors. The financial statements have been prepared in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)* (effective 1 January 2015) – Charities SORP (FRS102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the charity's accounting policies.

In the course of preparing the financial statements, no judgements have been made in the process of applying the charity's accounting policies, other than those involving estimations regarding the income attributable to the partial delivery of funded projects that have had a significant effect on the amounts recognised in the financial statements.

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

Disclosure exemptions

In preparing the separate financial statements of the parent charity, advantage has been taken of the following disclosure exemptions available in FRS102:

- no cash flow statement has been presented for the parent charity;
- disclosures in respect of the parent company's financial instruments have not been presented, as equivalent disclosures have been provided in respect of the group as a whole; and

- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertaking, all of which were prepared to 30 September 2020. The trading results of the subsidiary undertaking as shown in note 22 in 'Notes on the financial statements' are consolidated on a line-by-line basis within the consolidated statement of financial activities (SoFA). A separate SoFA for the charity is not presented as permitted by the Companies Act 2006.

Income

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

Investment income

Dividends and interest are included on an accruals basis.

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

Income from charitable activities

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

Expenditure

Expenditure comprises costs of raising funds and charitable expenditure.

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

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

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

Support costs include those relating to business support (including human resource and general administration expenses), executive management, and governance, finance and information systems. The details of support costs are shown in note 9 in 'Notes on the financial statements' (page 64).

Fixed assets

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

The leasehold premises (originally acquired by The Nuffield 1940 Trust in 1992) are depreciated over the remainder of the lease, currently 63 years. Straight line depreciation of 5% a year is applied to capital additions. The Trustees consider whether there has been any impairment of the property on an annual basis.

Fixed assets investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposal throughout the year.

Realised gains and losses

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

Staff pensions

During the year and following a market review, the Trust moved its primary pension scheme from the Nuffield Group Personal Pension Plan (NGPPP), a defined contribution pension scheme administered by Legal & General, to a similar Group Personal Pension scheme administered by Royal London. The Trust is not a member of any other pension schemes. Accordingly, due to the nature of the schemes, the accounting charge for the period under FRS102 represents the employer contributions payable.

Funds

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

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

Derivative financial instruments

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

2. Subsidiary

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

3. Basis of consolidation

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

4. Donations income

| | 2020 £000s | 2019 £000s |
|---|---------------|---------------|
| Donation income – for seconded staff (see note 9) | 11 | 45 |

5. Investment income

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

| | 2020 £000s | 2019 £000s |
|----------------------|---------------|---------------|
| Investment portfolio | 2,736 | 2,671 |
| Bank interest | 3 | 4 |
| | 2,739 | 2,675 |

All the investment income of £2,739,000 in 2020 was related to the expendable endowment fund (2019 – £2,675,000).

6. Charitable activities

| | 2020 £000s | 2019 £000s |
|----------------------|---------------|---------------|
| Income from projects | 943 | 994 |

All the income from charitable activities of £943,000 in 2020 was related to unrestricted funds (2019 – £994,000).

7. Raising funds

| | 2020 £000s | 2019 £000s |
|------------------------------------|---------------|---------------|
| Investment management fees charged | 310 | 367 |
| Support costs (see note 9) | 186 | 182 |
| | 496 | 549 |

All the expenditure from raising funds of £496,000 in 2020 was related to the expendable endowment fund (2019 – £549,000).

8. Charitable expenditure

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

| | 2020 £000s | 2019 £000s |
|------------------------------------|---------------|---------------|
| Commissioned work | 98 | 164 |
| Direct spend | 264 | 163 |
| Support costs (as shown in note 9) | 3,570 | 3,640 |
| | 3,932 | 3,967 |

All the charitable expenditure of £3,932,000 in 2020 was related to unrestricted funds (2019 – £3,967,000).

9. Allocation of support costs

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

| | Raising funds 2020 £000s | Charitable activities 2020 £000s | Total allocated 2020 £000s | Total 2019 £000s |
|---|-----------------------------------|---|-------------------------------------|------------------------|
| Staff time (nature of the charge) | 154 | 2,939 | 3,093 | 2,980 |
| Notional cost of seconded staff (nature of the charge) | - | 11 | 11 | 45 |
| Premises costs (use of area) | 12 | 219 | 231 | 254 |
| IT and telephone costs (staff time) | 9 | 180 | 189 | 190 |
| Travel and hospitality (staff time) | - | 2 | 2 | 12 |
| Professional fees (staff time) | 1 | 12 | 13 | 49 |
| Communications and PR (staff time) | 4 | 78 | 82 | 102 |
| General costs including irrecoverable VAT (staff time) | 6 | 107 | 113 | 166 |
| Governance fees (nature of the charge) | - | 22 | 22 | 24 |
| | 186 | 3,570 | 3,756 | 3,822 |

Trustees' expenses included in the general costs in the table above amount to £nil (2019 – £nil). Governance fees include audit fees of £22,000 (2019 – £19,600) and for the charity only £22,000 (2019 – £19,600).

Secondments and placements

The Trust has benefitted throughout the year from one secondment. The Trust gratefully acknowledges the support and has estimated that the value is £11,000 (2019 – three people, £45,000).

10. Staff emoluments

| | 2020 £000s | 2019 £000s |
|-----------------------|---------------|---------------|
| Salaries costs | 2,485 | 2,146 |
| Social security costs | 255 | 234 |
| Pension costs | 320 | 261 |
| Other staff costs | 150 | 347 |
| | 3,210 | 2,988 |

The key management personnel of the charity, as defined by the Statement of Recommended Practice (SORP), comprise the Trustees and the Directors within senior staff as listed on page 4. The total employee benefits of the Trustees was nil for both 2020 and 2019; for senior staff during the year it totalled £670,000 (2019 – £651,000).

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

| | 2020 £000s | 2019 £000s |
|--|---------------|---------------|
| Project staff costs, allocated as direct project expenditure | 117 | 8 |

| | | |
|----------------------------|--------------|--------------|
| Allocated as support costs | 3,093 | 2,980 |
| | 3,210 | 2,988 |

The average number of employees employed by the group during the year was, by headcount, 47 (2019 – 42) and by full-time equivalent, 42 (2019 – 38). All were employed by the charity.

Higher-paid employees – group and charity

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

| | 2020 | 2019 |
|----------------------|------|------|
| £60,000 to £70,000 | 5 | 4 |
| £70,000 to £80,000 | 2 | 2 |
| £80,000 to £90,000 | 2 | 2 |
| £90,000 to £100,000 | 1 | 1 |
| £120,000 to £130,000 | 1 | - |
| £180,000 to £190,000 | 1 | - |
| £190,000 to £200,000 | - | 1 |

Contributions were made to the Nuffield Trust’s defined contribution pension scheme (Legal & General up to February 2020, Royal London since March 2020) for 12 (2019 – 9) higher-paid employees.

11. Transfer between funds

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

| | 2020 £000s | 2019 £000s |
|--|----------------|----------------|
| Net expenditure for the year from unrestricted charitable activities | (2,850) | (2,922) |
| Designated funds expended in the year | 103 | 29 |
| Transfer from expendable endowment to unrestricted funds | (2,747) | (2,893) |

12. Tangible fixed assets

Consolidated and parent charity

| | Leasehold properties £000s | Furniture and equipment £000s | Total £000s |
|-----------------------------|----------------------------------|-------------------------------------|----------------|
| Cost | | | |
| At 1 October 2019 | 2,218 | 283 | 2,501 |
| Additions | 4 | 32 | 36 |
| Disposals | - | (120) | (120) |
| At 30 September 2020 | 2,222 | 195 | 2,417 |
| Depreciation | | | |
| At 1 October 2019 | (453) | (225) | (678) |
| Provision during the year | (41) | (23) | (64) |
| Disposals | - | 120 | 120 |
| At 30 September 2020 | (494) | (128) | (622) |
| Net book value | | | |
| At 30 September 2020 | 1,728 | 67 | 1,795 |
| At 30 September 2019 | 1,765 | 58 | 1,823 |

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

13. Fixed asset investments

Consolidated and parent charity

| | 2020 £000s | 2019 £000s |
|---|---------------|---------------|
| Market value at 1 October 2019 | 88,575 | 84,279 |
| Additions | 6,271 | 6,673 |
| Disposals | (6,768) | (5,716) |
| Unrealised gains | 1,897 | 3,339 |
| Market value at 30 September 2020 | 89,975 | 88,575 |
| Short term deposits | 1,411 | 996 |
| Total investments at 30 September 2020 | 91,386 | 89,571 |
| Historical cost of assets held at 30 September 2020 | 66,408 | 66,606 |
| <i>The geographical split of investments is as follows:</i> | | |
| UK | 77,759 | 75,594 |
| Overseas | 13,627 | 13,977 |
| | 91,386 | 89,571 |

There were no assets representing more than 5% by market value of the total portfolio as at 30 September 2020.

Realised and unrealised gains on investments

| | 2020 £000s | 2019 £000s |
|------------------|---------------|---------------|
| Unrealised gains | 1,897 | 3,339 |
| Realised gains | 767 | 1,124 |
| | 2,664 | 4,463 |

14. Debtors

| | Group 2020 £000s | Group 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|---------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Prepayments | 90 | 81 | 90 | 81 |
| Other debtors | 648 | 572 | 648 | 572 |
| Amounts owed by subsidiary company | - | - | - | 51 |
| | 738 | 653 | 738 | 704 |

15. Short-term deposits

| | Group 2020 £000s | Group 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|-----------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Coutts Bank Deposit accounts | 1,583 | 732 | 1,583 | 732 |
| CCLA Term Deposit | 100 | 100 | 100 | 100 |
| Scottish Widows Bank Term Deposit | - | 807 | - | 807 |
| | 1,683 | 1,639 | 1,683 | 1,639 |

16. Creditors: amounts falling due within one year

| | Group 2020 £000s | Group 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Tax and social security | - | 74 | - | 74 |
| Commissioned work commitment | 92 | 73 | 92 | 73 |
| Accruals and other creditors | 259 | 400 | 259 | 400 |
| Leasehold obligations | - | 25 | - | 25 |
| | 351 | 572 | 351 | 572 |

17. Creditors: amounts falling due after one year

| | Group 2020 £000s | Group 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|-----------------------|------------------------|------------------------|--------------------------|--------------------------|
| Leasehold obligations | 128 | 99 | 128 | 99 |

18. Financial instruments

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

| | Group 2020 £000s | Group 2019 £000s |
|---|------------------------|------------------------|
| Financial assets | | |
| Financial assets measured at fair value through the statement of financial activities | 91,386 | 89,571 |
| Financial assets that are debt instruments measured at amortised cost | 2,471 | 2,394 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 479 | 671 |

Financial assets measured at fair value comprise investments.

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

Financial liabilities measured at amortised cost comprise creditors.

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

Included within financial assets at fair value are a number of derivative instruments, including swaps and forward purchase arrangements, which form part of the organisation's overall investment strategy. As at 30 September 2020, the fair value of these derivatives was £41,000 (2019 – negative £75,000).

19. Funds

| | Group 2020 £000s | Group 2019 £000s | Charity 2020 £000s | Charity 2019 £000s |
|--|------------------------|------------------------|--------------------------|--------------------------|
| Expendable endowment | | | | |
| Balance at 1 October 2019 | 92,969 | 89,273 | 92,969 | 89,273 |
| Excess of expenditure over income from financial activities | 4,907 | 6,589 | 4,907 | 6,589 |
| Transfer (to) designated funds | (2,747) | (2,893) | (2,747) | (2,893) |
| Balance as at 30 September 2020 | 95,129 | 92,969 | 95,129 | 92,969 |
| Designated fund | | | | |
| Balance at 1 October 2019 | 148 | 177 | 148 | 177 |
| Excess of expenditure over income from financial activities | (2,850) | (2,922) | (2,850) | (2,922) |
| Transfer from expendable endowment | 2,747 | 2,893 | 2,747 | 2,893 |
| Balance as at 30 September 2020 | 45 | 148 | 45 | 148 |
| Total funds | | | | |
| Balance at 1 October 2019 | 93,117 | 89,450 | 93,117 | 89,450 |
| Excess of expenditure over income from financial activities | 2,057 | 3,667 | 2,057 | 3,667 |
| Balance as at 30 September 2020 | 95,174 | 93,117 | 95,174 | 93,117 |

The expendable endowment fund was originally created by a gift from Viscount Nuffield in June 1940 to The Nuffield 1940 Trust. A designated fund is held to provide for the external costs of completing internally funded activities for which, through past actions, there is a constructive obligation at the year end.

20. Analysis of net assets between funds

| | Tangible fixed assets £000s | Investments £000s | Other net assets/ (liabilities) £000s | Total £000s |
|------------------------------|--------------------------------------|----------------------|--|----------------|
| Expendable endowment fund | 1,795 | 91,386 | 1,948 | 95,129 |
| Designated fund | - | - | 45 | 45 |
| Total funds | 1,795 | 91,386 | 1,993 | 95,174 |

21. Summarised results for the Trust

Of the group surplus for the year of £2,057,000 (2019 – surplus of £3,667,000), the income and expenditure relating to the Trust is as follows:

| | 2020 £000s | 2019 £000s |
|--|---------------|---------------|
| Total income | 3,821 | 3,720 |
| Total expenditure | 4,428 | 4,516 |
| Net expenditure before other gains | (607) | (796) |
| Realised and unrealised gains on investment assets | 2,664 | 4,463 |
| Net movement in funds | 2,057 | 3,667 |

22. Summarised results for subsidiary entity

Of the group surplus for the year of £2,057,000 (2019 – surplus of £3,667,000), the income and expenditure relating to the charity’s wholly-owned subsidiary entity, Nuffield Trading Limited, is as follows:

| | 2020 £000s | 2019 £000s |
|--|---------------|---------------|
| Total income | - | 43 |
| Total expenditure | - | 21 |
| Net income before other gains | - | 22 |
| Qualifying distribution under deed of covenant to parent | - | 22 |
| Retained funds | - | - |
| Net movement in funds | - | - |
| Net assets | - | - |

23. Staff pensions

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

USS pension scheme

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

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

The Approved Withdrawal Agreement has clearly defined ‘trigger events’, which, following legal advice, the Trust does not envisage occurring in the foreseeable future. Any liability will be calculated as at the date of the ‘triggering event’. As such there is insufficient probability, as to both the timing and amount, of any liability due to USS to enable us to make a provision for this. In accordance with chapter 21 of FRS102, this potential liability is therefore disclosed as a contingent liability in note 26.

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

Since the reporting date, 30 September 2020, The Pensions Regulator has communicated to the Trust that USS Pensions have requested that they issue a payment notice in respect of the Approved Withdrawal Agreement. The Trust’s legal advice remains that the liability is not yet due and the Trust is co-operating with The Pensions Regulator’s investigation.

Nuffield Group Personal Pension Plan

The Trust established the Nuffield Group Personal Pension Plan (NGPPP) on 1 April 2009. This is a defined contribution pension scheme, previously administered by Legal & General (until February 2020), now administered by Royal London (since March 2020).

Employees are required to contribute a minimum of 4% of salary and the Trust contributes 14%. All staff, by headcount 47 (2019 – 42), are members of the scheme.

The total pension charge for the period for all schemes was £320,000 (2019 – £261,000).

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

Consolidated

| | 2020 £000s | 2019 £000s |
|--|----------------|----------------|
| Net income | 2,057 | 3,667 |
| (Gains) on investments | (2,664) | (4,463) |
| Depreciation of tangible fixed assets | 65 | 60 |
| (Increase) in debtors | (85) | (202) |
| (Decrease)/increase in creditors | (193) | 71 |
| Investment income | (2,735) | (2,675) |
| Cash used in operating activities | (3,555) | (3,542) |

25. Commitments under operating leases

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

| | 2020 £000s | 2019 £000s |
|---|---------------|---------------|
| Not later than 1 year | 36 | 36 |
| Later than 1 year and not later than 5 years | 144 | 144 |
| Later than 5 years | 2,094 | 2,130 |
| Total | 2,274 | 2,310 |

26. Contingent liability

As detailed in note 23, the Trust has a liability as guarantor to the Universities Superannuation Scheme (USS) under the 'Approved Withdrawal Agreement' dated October 2007. Following legal advice and despite recent events disclosed in note 23, the Trust maintains that there is insufficient probability as to both the amount and timing, which is calculated at the date of the 'triggering event', to enable the Trust to make a provision for any liability due to the USS pension scheme.

27. Related party transactions

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

| | 2020 £000s | 2019 £000s |
|--|---------------|---------------|
| Sales | - | 20 |
| Amounts due from Nuffield Trading Limited | - | 51 |

There were no other related party transactions during the year.

28. Comparative statements

28a. Comparative analysis of net assets between funds (2019)

| | Tangible fixed assets £000s | Investments £000s | Other net assets/ (liabilities) £000s | Total £000s |
|------------------------------|--------------------------------------|----------------------|--|----------------|
| Expendable endowment fund | 1,823 | 89,571 | 1,575 | 92,969 |
| Designated fund | - | - | 148 | 148 |
| Total funds | 1,823 | 89,571 | 1,723 | 93,117 |

Comparative statements continued

28b. Consolidated statement of financial activities (2019)

| | Note | Unrestricted funds 2019 £000s | Expendable endowment fund 2019 £000s | Total funds 2019 £000s | Total funds 2018 £000s |
|---|------|----------------------------------|---|---------------------------|---------------------------|
| Income and endowments | | | | | |
| Donations | 4 | 45 | - | 45 | 144 |
| Investment income | 5 | - | 2,675 | 2,675 | 2,542 |
| Charitable activities | 6 | 994 | - | 994 | 1,160 |
| Other | | 6 | - | 6 | 6 |
| Total income and endowments | | 1,045 | 2,675 | 3,720 | 3,852 |
| Expenditure | | | | | |
| Raising funds | 7 | - | 549 | 549 | 583 |
| Charitable activities | 8 | 3,967 | - | 3,967 | 3,810 |
| Total expenditure before historic pension costs | | 3,967 | 549 | 4,516 | 4,393 |
| Historic pension costs | 23 | - | - | - | (62) |
| Total expenditure | | 3,967 | 549 | 4,516 | 4,331 |
| Realised and unrealised gains on investment assets | 13 | - | 4,463 | 4,463 | 4,220 |
| Net (expenditure)/income before transfers | | (2,922) | 6,589 | 3,667 | 3,741 |
| Transfers | 11 | 2,893 | (2,893) | - | - |
| Net (expenditure)/income and net movement in funds | | (30) | 3,697 | 3,667 | 3,741 |
| Reconciliation of funds – balances brought forward | | 177 | 89,273 | 89,450 | 85,709 |
| Balances carried forward | | 148 | 92,969 | 93,117 | 89,450 |

