

# King Edward VII's Hospital

## Annual Report and Financial Statements

31 March 2022



KING EDWARD VII's  
HOSPITAL

Charity Registration Number 208944

# Contents

## King Edward VII's Hospital (Sister Agnes)

### Annual Report and Financial Statements for the year ending 31 March 2022

Section	Page	Subject
<b>1</b>	<b>4</b>	<b>Trustees' Annual Report</b>
	4	Introduction and Welcome from the Chairman
	7	Report of the Trustees for the Year Ending 21 March 2022
	7	Reference and Administration Details
	8	Patron, President and Board of Trustees
	8	Advisory Board
	8	Board Committee (Membership)
	9	Executive Team
	11	Vision, Mission, Objectives and Values
	11	Objectives
	11	Achievements and Highlights
	20	Values
	21	Hospital Activities, Clinical Governance and Fundraising
	21	Hospital Activities
	23	Clinical Governance and Performance
	23	How We Fundraise
	24	The Centre for Veterans' Health
	26	Hospital Strategy
	27	Digital Transformation
	29	Structure and Corporate Governance
	29	Governing Document
	29	The Board of Trustees
	30	Key Risks
	31	Board Committee Structure
	33	Corporate Social Responsibility
	34	Key Management Personnel and Setting of Salaries
	34	Financial Performance
	34	Reserves Policy
	34	Going Concern
	35	Investment Policy
<b>2</b>	<b>36</b>	<b>Independent Auditor's Report</b>

# Contents

## King Edward VII's Hospital (Sister Agnes)

### Annual Report and Financial Statements for the year ending 31 March 2022

Section	Page	Subject
<b>3</b>	<b>40</b>	<b>Financial Statements</b>
	40	Statement of Financial Activities Year Ending 31 March 2022
	41	Balance Sheet 31 March 2022
	42	Statement of Cash Flows Year to 31 March 2022
	42	Notes to the Statement on Cash Flows for the Year Ending 31 March 2022
<b>4</b>	<b>43</b>	<b>Principal Accounting Policies</b>
<b>5</b>	<b>48</b>	<b>Notes to the Financial Statements</b>
<b>6</b>	<b>63</b>	<b>Glossary of abbreviations</b>

# 1 Trustees' Annual Report

## INTRODUCTION AND WELCOME FROM THE CHAIRMAN

**King Edward VII's Hospital (Sister Agnes) has a proud history dating back over 120 years and enjoys an international reputation for offering the highest standards of care.**

### Chairman's statement

Firstly, I would like to convey my gratitude to the leadership team and all our staff for the commitment, dedication and energy they display year on year. Without them King Edward VII's Hospital would not be the centre of excellence for healthcare it is today.

As an independent charitable hospital, our commitment to caring for service personnel and veterans of the Armed Forces remains as strong today as it did when we were founded. We continue to build on our ethos of consistently delivering the highest standards of personalised, patient-centred care, in a safe and kind environment. We remain focused on taking forward our clinical strategy to be an elective secondary care hospital focused on our four patient-centred services, supported by a number of clinical support services. We continue to further refine this strategy to meet business needs and emerging opportunities.

From the early part of 2021, COVID-19 has presented the Hospital with significant challenges. Despite these difficulties, we have continued to focus on the future, laying the groundwork that will drive the Hospital's strategic objectives forward and support our four pillars of clinical excellence: musculoskeletal health, women's health, urology and digestive health.

As part of our on-going re-development programme, January 2022 saw the opening of our new outpatient and state-of-the-art diagnostic facility, King Edward VII's Hospital Medical Centre (KMC). Since its opening the centre has received extremely positive feedback from both patients and consultants. The opening of this centre has allowed us to expand our capacity and, as a result, we were able to welcome a total of 54,500 outpatients to the Hospital in the last 12 months.

The Day Surgery Unit was completed in early September 2021 and has been successfully brought into full commission by our theatre teams. Early reports from clinical consultants were very positive and the addition of this theatre has increased our operating capacity by 25%. The next phase of redevelopment work includes the refurbishment of the patient bedrooms across all three floors. A mock-up of a finished patient bedroom has been completed to allow for detailed feedback and understanding of the design options and quality standards to be achieved.

We continue to attract and retain leading consultants, further raising the profile of the Hospital, and ensuring strong relationships with key customer groups, which is critical to our growth plan. We are focused on enhancing our consultant mix, to align with our service model, and recognising both individuals and groups, who are committed to King Edward VII's Hospital.

We continue to encourage innovation and the development of collaborative ways of working, all underpinned by our values and ethos.

Our model of care brings together highly specialised, multi-disciplinary teams which include consultants, specialist nursing, radiology and other health professionals and the most up-to-date technology and facilities, not only because we think this is best for our patients, but because we firmly believe this is the future of providing excellence in healthcare.

Our workforce is the most valuable asset we have and our continued success depends upon it. The implementation of our integrated Human Resources (HR) strategy will not only focus on traditional HR practices, but will also encompass new performance and developmental tools, ensuring that our people help us to achieve our vision and strategic objectives. We have also refreshed our wellbeing strategy and have started implementing a revised approach to support employee wellbeing.

We can only truly excel when we fully engage with diversity in all its forms, in both our staff and our patients. Our aim is to recognise and embrace all differences, whether visible or hidden and for us all to work in a way that is inclusive.

To support our commitment and our journey to becoming a more inclusive and diverse organisation, we launched the KEVII Rainbow Badge Pledge in 2021. This voluntary scheme gives colleagues a visible way to show that the Hospital offers inclusive and non-judgmental care for patients, their families, carers and colleagues, who identify as LGBTQIA+. We are proud that one in three employees have signed the pledge this year and wear their badge with pride.

I am particularly proud of the many clinical innovations we have managed to implement this year. These include the introduction of the leading service for reflux in the UK and a dedicated genetics testing and counselling service. We are the first hospital in the country to introduce minimally invasive RefluxStop™ and remain the only independent London hospital offering the procedure. As a result, we are seeing not only patients from the UK, but from Europe and beyond seeking this treatment. In January 2022, the Hospital launched a dedicated genetics testing and counselling service, with its first pathway testing for inherited genes relating to breast cancer. Two significant elements of this service are the offer of testing to newly diagnosed patients and the built-in counselling available from one of the core team.

Technological development remains a priority for the Hospital and as such, we continue to invest in technology, including a cloud-based telecommunications system, which integrates with our own internal customer relationship management (CRM) system, enabling our team in the contact centre to provide a smooth and efficient patient journey. This introduction has helped streamline our inbound enquiries and customer service calls, ensuring all calls are automatically routed to the most appropriate team member and that all callers receive a consistently high quality service. This has led to increased patient and consultant satisfaction in the service and a 150% increase in outpatient bookings at our facilities.

The pandemic has sped up digital health services and innovation for the Hospital. Greater utilisation of telemedicine for example, has been successfully rolled out, providing benefits for COVID-safety and convenience.

Our Veterans' Pain Management Programme remains online and the feedback from veterans that have been able to attend the programmes remotely has been extremely positive. We have been able to deliver more programmes over the last 12 months, helping more veterans. This approach will continue with the provision of both in-person and virtual clinics in the future.

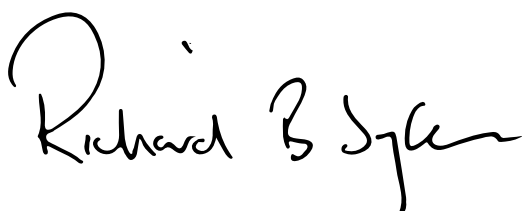
The effects of the pandemic had a negative impact on international activity across the entire private sector but in early 2022 we saw the slow return of international work, as travel recommenced and restrictions eased. In response to this upturn, the Hospital has strengthened its International Team to support engagement with embassies and is working with concierge companies to support maximising referral channels.

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and grow healthcare-related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients.

Work has taken place this year to review the performance and efficiency of our fundraising operation to establish its potential for growth in supporting and developing our Veterans' Programme and in realising opportunities to support our redevelopment and refurbishment programmes through the creation of a Capital Appeal which we will take forward in 2022-23. We have also continued with the further development of our legacy campaign.

Whilst pleased to have achieved a 'Good' Care Quality Commission (CQC) rating in our recent inspection in June 2022, the Hospital continues on its journey to outstanding, with a continuous focus on improvement in all we do.

Our commitment to delivering quality care to our patients and veterans has never been stronger and I am confident that, whilst we recognise the challenges that face us all, we also see growing opportunities for building a sustainable model to enable the future success of the Hospital, and that our Trustees continue to look to the future with confidence.



Sir Richard Sykes

***Trustee and Chair of the Board***

20 October 2022

# REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022

**The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2022.**

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 45 to 48 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regards to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

## Reference and Administrative Details

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### Principal Office:

King Edward VII's Hospital  
5-10 Beaumont Street, Marylebone, London, W1G 6AA

### Auditors

Buzzacott LLP  
130 Wood Street, London, EC2V 6DL

### Bankers

National Westminster Bank PLC  
1 Cavendish Square, London, W1A 4NU

### Investment Managers

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

### Solicitors

Bevan Brittan LLP  
2 Fleet Place, London, EC4M 7RF

### DAC Beachcroft

100 Fetter Lane, London, EC2A 3LH

### Macfarlanes LLP

20 Cursitor Street, London, EC4A 1LT

## Patron, President and Board of Trustees

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### Patron

Her Late Majesty Queen Elizabeth II

### President

His Royal Highness The Duke of Kent KG GCMG GCVO ADC(P)

### Honorary Vice-President

Field Marshal The Rt. Hon. Lord Inge KG GCB DL

### Life Governor

Dr V. Moshe Kantor PhD (until March 2022)

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

Sir Richard Sykes FRS FMedSci HonFREng (chairman)

Mr Paul Biddle FCA

Ms Fiona Driscoll MA

The Rt. Hon. Professor Lord Ajay Kakkar BSc PhD FRCS

Dr V. Moshe Kantor PhD (until March 2022)

Professor Roger Kirby MA MD FRCS (Urol)

Sir Stuart Lipton

The Hon. Mrs Virginia Lovell JP, DL

Mrs Alison Parkhouse (nee Dean)

Professor Dame Lesley Regan DBE

Mr Simon Weil (until July 2022)

## Advisory Board

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Sir Richard Sykes FRS FMedSci HonFREng (chair)

Professor Martin Bricknell CB PhD FFPH

Mr Andrew Graham

## Board committees

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### Audit, Risk & Assurance Committee

Ms Fiona Driscoll MA (chair)

Mr Simon Weil (until July 2022)

Mr Paul Biddle FCA

### Finance & Investment Committee

Mr Paul Biddle FCA (chair)

Mrs Alison Parkhouse (nee Dean)



## Board committees *(continued)*

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### Quality & Safety Committee

Professor Dame Lesley Regan DBE (chair)  
Professor Lord Ajay Kakkar BSc PhD FRCS  
The Hon. Mrs Virginia Lovell JP, DL

### Property & Projects Committee

Sir Stuart Lipton (chair)  
Professor Roger Kirby MA MD FRCS (Urol)

### Fundraising & Veterans' Committee

Professor Roger Kirby MA MD FRCS (Urol) (chair)  
The Hon. Mrs Virginia Lovell JP, DL

### Nominations Committee

Sir Richard Sykes FRS FMedSci HonFREng (chair)  
Professor Roger Kirby MA MD FRCS (Urol)  
Sir Stuart Lipton

## Executive Team

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### Chief Executive

Lindsey Condrón Andrews

### Finance Director

Rod Morgan (until March 2022)

### Finance and Commercial Director

Patrick Butterworth (Commercial Director since September 2021,  
Finance and Commercial Director from March 2022)

### Medical Director

Professor Justin Vale

### Director of Nursing

Tonya Kloppers (until January 2022)  
Emmett Steed-Mundin (from January 2022)

### Director of Operations

Kate Farrow

### Director of Governance

Dr Jenny Davidson (until August 2021)

## Executive Team *(continued)*

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### Director of Clinical Strategy

Mr Alan Farthing

### Director of Fundraising & Veterans' Health

Tim Brawn (until August 2021)

Sian Bartram (Interim Director of Philanthropy from August 2021 to January 2022)

Alex Le Vey (Director of Philanthropy from January 2022)

### Director of HR and L&D

Becky Hine (until October 2021)

Neil King (from November 2021)

### Director of Estates and Major Projects

Eamon Malone (Interim from July 2021, substantive from January 2022)

### Interim Chief Information Officer

Owen Brady (from July 2021)

## VISION, MISSION, OBJECTIVES AND VALUES

**The Hospital's vision is “to be the leading private Hospital in the UK and to support an increased number of veterans through our charitable work”.**

In doing so, its mission is “to consistently deliver the highest standards of personalised patient-centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community.”

### Objectives

**The objectives of the Hospital are:**

- to operate an acute hospital;
- to provide the highest standards of patient care; and
- to provide treatment at preferential rates to service patients, serving or retired, and their spouses.

When setting the objectives and planning the work of the Charity for the year, the Board has given careful consideration to the Charity Commission's general guidance on public benefit.

### Achievements and Highlights

**The Hospital's achievements against these objectives are as follows:**

Our ongoing commitment to delivering collaborative, innovative, personalised care to our patients has driven us to build up a high concentration of expertise and related resources in four key areas of medicine: musculoskeletal health, women's health, urology and digestive health.

Our model of care brings together highly specialised, multi-disciplinary teams which include consultants, specialist nursing, radiology and other health professionals and the most up-to-date technology and facilities, not only because we think this is best for our patients, but because we firmly believe this is the future of private healthcare.

#### Using innovation and technology to achieve success

To improve our patient experience, support our consultant colleagues and help facilitate a smoother outpatient and inpatient booking process, we have invested in technology, including a cloud-based telecommunications system, which integrates with our own internal CRM system, enabling our team in the contact centre to be able to provide a streamlined and efficient patient journey.

The technology has helped streamline our inbound enquiries and customer service calls, ensuring all calls are automatically routed to the most appropriate team member and that all callers receive a consistently high service. This has led to increased patient and consultant satisfaction in the service and a 150% increase in outpatient bookings at our facilities.

Service has been uninterrupted when staff have had to isolate due to COVID-19, as the technology allows calls to be answered anywhere.

The software allows us to report on live call performance, from total calls answered and missed, to the speed of answer, total talk time and also the call performance of other departments across the Hospital. This information allows us to diagnose issues quickly and continuously improve our patient experience at key touch points throughout the Hospital.

## Operational impact of COVID-19

The Hospital suffered a significant increase in the number of cancellations, and especially late notice cancellations, due to the pandemic during 2021-22 with an increase in cancellations by more than 100% at points during the year. This was on top of an already reduced level of activity as a consequence of the pandemic.

Staff sickness/isolation peaked in December 2021 with 10% of staff off work. This reduced in early 2022 to between 2% and 5% of staff off work at any one time. All staff continued daily testing in line with UK Health Security Agency (UKHSA) advice, National Health Service (NHS) guidance and local risk assessment. This was reviewed frequently.

Despite these ongoing challenges our staff continued to work tirelessly during this time to maintain delivery of services and to care for patients.

The Hospital remained a green hospital site with strict screening and isolation for all elective patients in place. we were able to take amber patients that were asymptomatic unplanned admissions using fast track (PCR) testing. They were held in single room isolation until the result was received.

The Regulations that made COVID-19 vaccination a condition of deployment in health and social care were revoked in March 2022, removing the legal requirement for health and social care staff to be doubled vaccinated. Prior to this the Hospital had been preparing for implementation and a decision was taken to continue to promote and encourage all staff to take up the vaccine and relevant booster.

## Operational activity

Despite the challenges COVID-19 continued to present, the Hospital remained focussed on the future and managed to find new, innovative ways to drive the its strategic objectives forward. This included the opening of the Day Surgery Unit and a state of the art diagnostic and outpatient facility. We saw a total of 54,500 outpatient and diagnostic patients and treated 5,633 inpatients.

The effects of the pandemic had a negative impact on international activity for the private healthcare sector, but in early 2022 we saw the slow return of international work as both general and travel restrictions eased.

The Hospital has strengthened its International Team to support engagement with embassies and is working with concierge companies to support maximising referral channels.

## Clinical highlights

In the last 12 months, the Hospital has been working with RefluxUK, the leading specialist reflux service in the UK. We were the first hospital in the country to introduce minimally invasive RefluxStop™ and remain the only independent London hospital offering the procedure. Reflux is a condition that does not receive as much attention as other gastrointestinal conditions, but it affects millions of people. We are seeing not only patients from the UK, but also from Europe and beyond seeking this treatment.

In January this year, the Hospital launched a dedicated genetics testing and counselling service, with its first pathway testing for inherited genes relating to breast cancer. Consultant Clinical Geneticist Dr Anjana Kulkarni, Professor Marc Tischkowitz and Dr Vishakha Tripathi lead the comprehensive cancer genetics service at King Edward VII's Hospital. Two significant elements of this service are the offer of testing to newly diagnosed patients and the built-in counselling available from one of the core team.

Micropigmentation, the procedure that creates the appearance of a nipple/areola on a reconstructed breast, was launched at the Hospital late last year. This empowering service is performed by our highly trained Breast Unit.

## Multi-disciplinary working

Multi-disciplinary team (MDT) Peer Review Programme – The MDT has commenced a peer review programme in line with NHS England Cancer measures. This is a three-year project: Year 1 includes a self-assessment of the measures, annual report and MDT Feedback for Improving Teamworking (FIT). The MDT-FIT does not form part of the NHS Standard but is a useful tool in ensuring that the MDT has good leadership. Year 2 will include internal peer-review by an MDT Chair from another cancer discipline. In Year 3 we will invite an external provider to peer-review each MDT.

MDT Audit and Private Healthcare Information Network (PHIN) data review – Two monthly MDT audits are produced by the MDT co-ordinator. These audits are above and beyond the data requirements of the NHS. The first audit is an audit of discussion compliance prior to treatment and the second audit is an audit of treatment versus outcome. The aim of these audits is to ensure that all patients are discussed prior to treatment and that all treatments are compliant with the MDT recommendation. A root cause analysis is performed on any non-compliant patients and submitted to the Head of Governance and Medical Director, to reduce reoccurrence and improve the pathway.

## Financial position and the impact of COVID-19

Two major strategic developments were completed during 2021-22 despite the delivery challenges faced due to the pandemic: the day surgery unit, which added a fourth theatre and the newly built flagship outpatient facility, KMC. The latter provides a state of the art imaging suite, procedure rooms and outpatient services. These were largely funded by donations. The new facilities will enable the Hospital to attract more consultants, deliver more patient care and further enhance the patient experience going forward.

In financial terms, 2021-22 needs to be seen as a transitional year: we managed through the pandemic and the substantial impact on trading and resourcing and built and put in place the resources required to run the new facilities ahead of increasing activity to use the new capacity.

A number of factors have impacted the financial results this year. First, the disruption brought about by COVID-19, which resulted in a 10% shortfall in admissions and revenue, caused primarily by a much slower pick-up in demand after COVID-19 restrictions ended in June 2021, as patients and consultants took extended leave over the summer. The gradual pick-up seen in September to November 2021 was brought to a halt by new restrictions in December 2021 to January 2022 causing a high level of cancellations, as the COVID-19 Omicron variant took hold.

Staffing costs this year have also impacted our financial results. Staffing levels were increased due to the anticipated opening of the Day Surgery Unit and KMC, both of which were delayed. There was a very high level of temporary agency staff due to the significant level of sickness. Recruitment costs were high as staff turnover spiked, and further agency staffing costs were required to support the on-boarding and embedding of new starters.

Overheads grew due to an increase in property rental costs following the rent review, combined with the opening of KMC at full market rent. Investments were made in digital/information technology (IT) services to upgrade and enhance services as part of the ongoing digital strategy. This year also saw high levels of clinical equipment repairs and maintenance.

In response to the cost challenges faced, we developed a cost optimisation and profit improvement programme which is embedded in the budget plan for 2022-23. The plan includes the delivery of the procurement partnership with a substantial procurement consortium to provide access to buying scale and to support the Hospital in optimising stock management and product standardisation opportunities.

## Strategic developments

The Healthcare market is becoming increasingly competitive and with new entrants, it is evolving at a significant pace. There has been substantial international investment into the London market, with loss making strategies being established with the aim of securing market share and improving longer term returns. The private hospital model now also includes the offer to consultants of an employment model, which can be highly attractive in the short term and is designed to disrupt existing providers. In response we are seeing some of our competitors re-evaluating their positions with various other commercial models being considered between consultants and providers including joint ventures and partnership arrangements.

Patients are becoming far more informed and empowered when it comes to their healthcare choices as the industry becomes more transparent with regard to publishing data and outcomes. Private medical insurance (PMIs) are using this information to justify greater intervention in the customer journey and influence treatment pathways.

By structuring our clinical services into four clearly defined patient-centred services, we have been able to develop communication across the Hospital, clearly communicating our focus now and in the future. This structure has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This strategy has seen us embed quality MDTs across multiple specialties, increase revenue and deliver outstanding focused patient care.

The Hospital remains committed to its ethos of consistently delivering the highest standards of personalised patient-centred care, in a safe and kind environment. We continue to take forward our clinical strategy to be an elective secondary care hospital focused on four patient-centred services, supported by a number of clinical support services, refining this to meet business needs and emerging opportunities. We commissioned experts to provide insights as to potential risks and opportunities facing the Hospital over the next five to ten years in order to prepare effectively and narrow our focus to the development of a core set of innovative partnership relationships.

A key demonstration of our ethos this year was the opening of a new Day Surgery Unit and KMC, our outpatient and diagnostic facilities. These form part of the Hospital's wider Estates Redevelopment Masterplan. Plans are in place to further transform and expand our services, continue to upgrade key patient and outpatient technologies and renew the physical fabric of the various Hospital buildings. The magnitude of the Masterplan will serve to transform the entire campus physically and streamline clinical operations and therefore the overall patient experience.

Our model continues to attract and retain leading consultants, further raising the profile of the Hospital and ensuring strong relationships with key customer groups, which is critical to the growth plan. We are focused on enhancing our consultant mix, to align with our service model and recognising both individuals and groups, who are committed to King Edward VII's Hospital. We continue to encourage innovation and collaborative ways of working, all underpinned by our values and ethos.

Our workforce is the most valuable asset we have and our continued success depends upon it. The implementation of our integrated HR strategy will not only focus on the traditional HR practices, but will also encompass innovative performance and developmental tools ensuring that our people help us to achieve our vision and strategic objectives.

## Redevelopment King Edward VII's Medical Centre

Following significant delays due to the COVID-19 pandemic, our new outpatient and state of the art diagnostic facility opened in January 2022. Since opening it has received extremely positive feedback from both patients and consultants. This new facility has allowed us to expand our capacity and we saw a total of 54,500 patients attend the Hospital in 2021-22.

## Day Surgery Unit

The Day Surgery Unit was completed in early September 2021 and has been successfully brought into full commission by our theatre teams. Early reports from clinical consultants were very positive and the addition of this theatre has increased our operating capacity by 25%. The additional capacity has allowed us to move specialties out of our laminar flow theatres which enable us to drive more profitable activity.



## Future redevelopment

The Hospital has a Strategic Redevelopment Masterplan which documents the redevelopment requirements of the Estate over the next three to five years. This is a significant and exciting redevelopment programme for the Hospital which will result in an investment overall of over £60m.

The programme includes multiple phases of works to ensure the Hospital will function safely throughout the entire range of works.

The next phase of works (phase 2) includes the major upgrading of the Hospital's electrical engineering infrastructure and also the refurbishment of the patient bedrooms across all three floors. A mock-up of a finished patient bedroom has been completed to allow for detailed feedback and understanding of the design options and quality standards to be achieved.

A new heating and cooling strategy which utilises air source heat pumps on the roof will provide networked and efficient heating and cooling for patient bedrooms and ultimately all clinical and support areas. The new system removes completely the need for the burning of oil or gas on site and is therefore leading the way in sustainable energy for hospitals.

The new ventilation system for all patient bedrooms will deliver local high quality and safe air into each bedroom which helps deal with potential sources of infection and cross-contamination challenges. This will result in the highest possible standards of safety for patients and staff in the event of any further infectious viral pandemics/epidemics, such as COVID-19.

Further phases, which will include replacing the old theatre air handling systems on the roof and a new roof enclosure to protect the new plant, will improve the resilience, safety and accessibility of all roof areas and plant upon it. Theatre refurbishments in later phases will be synchronised with theatre plant replacements to minimise downtime and disruption.

To support the further capital investment required the Hospital has developed a new fundraising strategy which provides the framework from which we will launch a new Capital Appeal. The Capital Appeal will be led by a new Capital Appeal Board and the Hospital's Director of Philanthropy and Veterans' Health. Over the next five years, the Hospital will require the Capital Appeal to generate £55m to fund the programme of works required, as well as £33m, for a new endowment fund, to support the upkeep of the Hospital and new equipment and innovative technology in perpetuity.

## Transformation Programme

Whilst pleased to have achieved a 'Good' overall CQC rating in our last full inspection in 2018, the Hospital continues on its journey to outstanding, with a continuous focus on improvement in all we do. In July 2021, the CQC re-visited the imaging service which was the only service requiring improvement, and this is now rated as 'Good' with work continuing through our Quality, Efficiency, Productivity (QEP) Transformation Programme to drive high quality care and to support the organisation.



The Hospital has continued with its Quality Transformation Programme, embedding continuous quality improvement (QI) methodology and projects across the Hospital.

**Examples of QI projects delivered in 2021-22 and underway in 2022-23 include:**

- launch of outpatient (OPD) ophthalmic laser and completion of laser action plan – including service level agreement (SLA), standard operating procedure (SOP), patient information and discharge cards, risk assessment and laser safety training (delivered);
- phlebotomy charging – phlebotomy nurses have been trained to add charges to patient accounts enabling patients to pay on the day (delivered);
- demographic and billing report – Report of updated patient demographic and billing information produced (delivered);
- charge sheet update – charge sheets separated by specialty, quick response (QR) codes added for auto scanning to patient records and patient and consultant/nursing signatures added to form (delivered);
- notification of arrival – short message service (SMS) notification to consultants, via Compucare 8 (a hospital management software), when the patient has arrived and presented to reception (delivered);
- OPD Survey – development and launch of OPD survey (delivered);
- card swipe leaflet – to inform patients why they are being asked for their card details. Created and in circulation. Leaflet also produced in Arabic (delivered);
- unconfirmed attenders – structured query language (SQL) created to identify patients that have not been outcomed (attended or did not attend (DNA)). All appointments now outcome on the day and completion checked at month end (delivered);
- OPD score card – detailed information on utilisation, conversion and revenue by consultant and specialty (delivered);
- Front of House (FOH) Key Performance Indicators (KPI) Report – Report detailing first line of address, postcode, email address and card swipe information produced as SQL. KPI set for FOH team (delivered);
- informing patient of costs – breast unit leaflet regarding information and fees was implemented in summer 2021. This leaflet is sent to all patients prior to their appointment and includes a request for the date and location of previous mammograms, so that we can request these images to compare, as well as details of the costs that may be incurred during the appointment. Since this leaflet has been introduced we have not had any complaints regarding unexpected costs for mammograms, ultrasounds or biopsies in the breast unit. The cost for histopathology has also now been incorporated into the price for the biopsy (delivered);
- leaflets for ophthalmic, dermatology, plastics, urology, ear, nose and throat (ENT) and digestive health specialties – further leaflets that have been signed off by the patient representative group. We have made a decision to automate the delivery of these by sending them as an attachment to clinic appointment letters. We are in the process of uploading these to our patient administration system (PAS) and expect to roll this method of delivery out shortly (underway. Ophthalmic, breast, ENT and urology delivered).

## Patient engagement

The Patient Experience and Engagement Strategy sets out the Hospital's intention to ensure the best possible experience of person-centred care for all patients.

A core focus for the Hospital's Patient Experience Strategy has been to enable patients to direct us, through their feedback, involvement and engagement, to provide care that is not only clinically outstanding, but also offers a holistic approach to patient wellbeing and experience whilst in our care. The Hospital continues to increase and promote patient participation and engagement by developing a Patient Focus Group which meets quarterly. This Group is highly engaged and provides feedback on a number of initiatives, quality improvement projects and patient information brochures. We always encourage patient participation and representation on a number of Hospital committee meetings which ensures that the patients' voice forms part of all decisions regarding care and the operations of the Hospital.

A patient representative is also requested to be a part of a number of interview panels that recruit Hospital staff who have a patient experience remit within their role. We are very fortunate to have patient representatives who are both willing and available to advise, support and steer the Hospital with regard to decisions about service changes and developments. The Patient Participation Group was instrumental in giving us feedback on the new KMC building, which led to further independent audits of the facility and provided excellent quality improvement initiatives. Our Patient Group also receives regular updates on our patient satisfaction and complaints and they feed into continuous improvements in care and the Hospital as a whole.

## Marketing highlights

The capability of the marketing team was enhanced in the year and included the appointment of a new Head of Marketing and Communication and a new Marketing Manager. The team was extended to five people including: a Marketing and Communications Executive, a Digital Marketing Executive and a Marketing Assistant on a one-year internship.

At the beginning of the year the Hospital completed the website upgrade programme to significantly increase the capacity, flexibility and user experience. Since completion the number of unique users has increased to over 500,000 this year. The revised pricing and care proposition strategy, together with updated presentation and patient information has led to a 120% increase in conversions to enquiry.

We continued with our patient webinars branded 'KE7 Explains.' These webinars are a brand awareness exercise, designed to highlight the specialist expertise of our consultants on each panel, whilst also showcasing our collaborative, multi-disciplinary approach to care. We deliver a free educational webinar with interactive questions and answer sessions, advertised through social media and using influencers where appropriate. Our webinars reach a wide audience, achieve excellent engagement and in the year attracted more than 300 subscriptions.

The Hospital's Contact Centre, established in Autumn 2020 continues to go from strength to strength. The team manage the patient's engagement with the Hospital from enquiry to appointment, providing a single point of contact. Enquiry leads are generated through our website, social media, Google Pay-Per-Click (PPC), brand awareness campaigns and social advertising. The team now handle more than 600 enquiries per month and generate over 400 bookings. This is an increase in activity of 75% year on year and an increase in the conversion rate from 55% to 65%.

The focus this year on digital marketing channels and Google PPC resulted in significant year-on-year improvement, with the Google PPC conversion rate increasing by 41% and the cost per conversion reducing by 24%. We continue to iterate and extend our campaigns and in the year we added dermatology, consultants and physiotherapy to our coverage. Our bespoke content platform, Health Hub, continues to perform well with unique page views up 20% year on year.

Patients continue to report their experience with us on Doctify, an independent patient experience platform and by the end of the year we had over 1,700 reviews with an overall Patient Trust Rating of 4.82/5.

**One recent Doctify review read:**

*"I find the Hospital has an intimate feel which you don't get from the larger Hospitals. The staff and the consultants are very tuned in to your needs. The combination of the two helps to make you feel more relaxed given the circumstances under which you're there."*

Feedback from a hip surgery patient in February 2022 via Doctify.

Our Data Driven Video Content Strategy Project is underway which will provide enhanced clarity and explanation of particular elements of the patient pathway. Completion of the project is due in Quarter 3 2022 and will see the creation of 150 short explainer videos, featuring some of our leading consultants and Heads of clinical service. The videos will be rolled out across all our digital platforms.

Our social media engagement continued to grow with overall audience numbers increasing by an average of 40% across all platforms. Our LinkedIn audience grew to over 7,000 followers with 23,000 engagements this year alone.

Public relations activity continued to generate coverage across trade and consumer channels, promoting the voice of key stakeholders in trade press, whilst using nationally representative research and General Practitioner (GP) expertise to drive consumer coverage.

We achieved widespread trade coverage for the opening of the King Edward VII's Hospital Medical Centre, our outpatient and state of the art diagnostic facility in the heart of the Harley Street Medical Area. The facility has been widely celebrated and reported on, including by LaingBuisson: Healthcare Business Intelligence, along with nine pieces of trade coverage in key publications such as Clinical Services Journal and Health Tech Digital.

The press office continues to look for innovative ways to promote the Hospital's services, including the new breast cancer surgery technique, genetic screening for breast cancer, using LumenEye technology for colorectal surgery, and a minimally invasive RefluxStop™ treatment, and in line with Breast Cancer Awareness month, the press office placed a feature on oncoplastic breast surgery.

In the run up to Christmas 2021, we benefitted from the support and expertise of one of our leading colorectal surgeons to secure national exposure in publications including Metro and The Daily Express, as well as Your Healthy Living, on how Christmas can impact your digestive system.

Raising awareness of the Hospital's charitable activity also remained a focus with a case study on Morgan Dally placed in key publication Quest magazine, which also covered a more in-depth piece on the Pain Management Programme.

With the onboarding of a new GP and Referrer Engagement Lead, King Edward VII's Hospital continues to assist our GPs and referrers in gaining access to our world class consultants and facilities, whilst improving overall patient outcomes. Our referring GP's can sign up to our monthly GP Newsletter, highlighting the latest Hospital news, new specialist services and consultant specialties, as well as giving them the opportunity to voice their concerns via our GP Satisfaction Survey. GP's and referrers are also invited to tour our facilities and meet consultants, co-ordinated by our Business Development team.

As we exit the pandemic and distancing protocols, we are now recommencing face-to-face networking at King Edward VII's Hospital, allowing our specialist consultants to engage with our referrers, strengthening and building relationships within the healthcare community. We also offer our GPs referrers the opportunity to gain continued professional development (CPD) points via our GP Educational Webinars, showcasing specific and relevant topics hosted by our specialists.

## Values:

### Our values

#### Professionalism

We encourage our teams to be the best they can and meet the highest standards through:

- Acting with integrity
- Accountability
- Continued learning

#### Quality

We will provide excellence in everything we do through:

- Innovation
- Listening to and acting on feedback
- Measuring outcomes & informing actions

#### Teamwork

We work as a team so we can achieve more together by being:

- Collaborative
- Fair
- Open

#### Respect

We will respect other people's views to ensure an open inclusive working environment through:

- Compassion
- Dignity
- Honesty

#### Safety

We are committed to providing a safe environment for our patients and colleagues through:

- A learning culture
- Freedom to speak up
- Transparency

The Hospital recognised the need to re-focus employees on the core values and the framework that articulated the expected behaviours following a difficult 2020 pandemic year. We accomplished this by increasing awareness of the values at every point in the employee journey – recruitment, interview, induction, appraisal, performance and exit. We are proud that our employee survey showed that 96% of our employees know and can articulate our values.

The ongoing development of the Edwards Awards further strengthened this, with over 250 colleague nominations and 60 award winners. The Edwards Awards have successfully recognised colleagues who exemplify our values as judged by a panel which includes members of the leadership team, peers and a patient representative.

## HOSPITAL ACTIVITIES, CLINICAL GOVERNANCE AND FUNDRAISING

**The Hospital is committed to providing an excellent patient experience. Good clinical standards, reflected in the CQC rating of 'Good', are aligned with good clinical governance and clinical audit arrangements. Our fundraising enables us to provide grants and our Pain Management Programme to veterans.**

### Hospital Activities

The Hospital offers patients a wide range of treatments across both medical and surgical specialties, along with critical care facilities and has four operating theatres and 56 inpatient rooms all with en suite bathrooms. It also has a critical care facility which enables the Hospital to carry out highly complex procedures and treat patients with complex needs. In September 2021, we opened the Day Surgery Unit which has provided an opportunity to maximise throughput.

**The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:**

- acute services;
- genetics testing;
- doctors consultation services;
- rehabilitation services;
- surgical cancer treatment;
- diagnostic and screening services;
- long-term condition services;
- Veterans' Pain Management Centre.

The past 12 months have seen the Hospital invest heavily in the estate and exponentially increasing our capacity to see and treat patients. The foundation has been set to enable the Hospital to continue its expansion.

### Operational improvements

We have continued to focus on productivity and efficiency and this has included a greater control over processes and procedures, both operationally and financially. By embracing clear methodology in a number of areas, namely cost improvement and quality and efficiency programmes, significant improvements have been made across the Hospital, particularly in procurement, theatres and outpatients. There has been a major focus on theatres and the standardisation of equipment, specifically for musculoskeletal services, which has resulted in ongoing increases in savings and efficiency having been.

With the opening of the Day Surgery Unit and diagnostic outpatient units, we have been able to offer new services and expand existing ones. Theatre utilisation in our two laminar flow orthopaedic theatres have remained consistently above 75%.

## Developing and recognising our people

In 2021-22, the Hospital has seen its workforce grow by 17% (318 to 373). Increased turnover that has followed the general market trends and increased competition from within the post-Brexit healthcare market has meant staff turnover has exceeded our targets. With the support of the Board and Hospital leadership, we have taken steps to tackle recruitment and retention challenges to ensure we have a skilled and capable workforce to underpin our ambitions.

These challenges are expected to continue throughout the next financial year within such a competitive job market. To ensure the long-term sustainability of a workforce with the skills needed to ensure quality care and the future success of the Hospital, we have established an Employee Experience Committee.

The Employee Experience Committee, comprising a membership that spans the organisation, will take a lead role in formulating the next steps for developing and recognising our people. This Committee is supported by four work streams focusing on well-being, belonging (diversity and inclusion), recruitment and on-boarding, and talent development. In March 2022, we launched an independently led Employee Experience Survey to provide insights and benchmarks to measure our progress over the coming years.

In addition, we have restructured the HR department, including a dedicated recruitment team, doubled the headcount in learning and development and appointed a dedicated engagement partner to enhance our work on diversity and inclusion. This restructured team has and will continue facilitating the desired change to the employee experience. This investment in HR will also ensure that the Hospital's culture reinforces its success by supporting managers and leaders in giving employees a more robust experience in line with our values.

We have continued our 'Ward to Board Engagement' with monthly breakfasts with the Chief Executive and structured leadership rounding, where Directors intentionally and purposefully engage with staff and patients to receive feedback first hand, thus cultivating and improving employee and patient engagement.

To support our employees' learning and development, we have revised and extended our corporate induction and in-house training programme to deliver over 200 learning sessions per year. We have supported five employees undertaking Masters level courses, consistently maintained mandatory training compliance above 90%, and are proud to have promoted 12 employees internally.

### **We have refreshed our wellbeing approach and have started implementing a revised method of supporting employee wellbeing across the seven domains of:**

1. health (physical, safety and mental health);
2. good work (environment, line management, autonomy, pay and reward);
3. living our values (values-based leadership, inclusion and diversity);
4. community (amplifying the employee voice, consultation and dialogue and a positive relationships and teamwork);
5. personal growth (career development, performance management and enabling lifelong learning);
6. good lifestyle choices (promoting healthy living and access to wellbeing classes);
7. financial wellbeing (fair pay and benefits, retirement planning and employee financial support).



This work will continue through 2022-23 to support retention and to attract new employees.

We can only truly excel when we fully engage with diversity in all its forms, both amongst our staff and our patients. Our aim is to recognise and embrace all differences, whether visible or hidden and for us all to work in a way that is inclusive.

To support our commitment and our journey to becoming a more inclusive and diverse organisation we launched the KEVII Rainbow Badge Pledge in 2021. This voluntary scheme gives colleagues a visible way to show that the Hospital offers inclusive and non-judgmental care for patients, their families, carers and colleagues, who identify as LGBT+. We are proud that one in three employees have signed the pledge and wear their badge with pride.

## Clinical Governance and Performance

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The Hospital established a clinical governance framework that provides oversight and assurance on the safety, quality and effectiveness of care and services provided. A 'ward to board' approach supports a culture of openness and transparency throughout the organisation. The Hospital has a good reporting culture, with an incident reporting and learning process and a complaints management process in line with national standards and a comprehensive clinical audit programme. The Hospital has received a Quality Award from the National Joint Registry in two consecutive years for the completeness of its data submission.

The Hospital continues to have positive relationships with its regulators and has embedded the core principles laid out by them in how we work. It has strong patient engagement and involvement throughout the organisation with a Patient Experience Group and Patient Forum in place. We were one of the first private sector hospitals to have a 'Freedom to Speak Up Guardian', who was appointed in 2018. Demonstrating our commitment to openness, learning and listening to staff. This role has been developed year-on-year to include protected time and increased accessibility. The Hospital's Quality Improvement Programme has been running for over two years and empowers staff to identify where change is needed and work through cycles of improvement for the benefit of patients, staff and services.

The Hospital is engaged with a clinical analytics company, Copeland Clinical Ai (C2-Ai), which provides risk adjusted, benchmarked reports on patient outcomes. C2-Ai provides quarterly reports that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions. The data can provide an early warning of any developing adverse trends, allowing early review and intervention if necessary.

## How We Fundraise

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King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and grow healthcare related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients.

The Hospital solicits donations from its supporters and conducts desk-based research into charitable trusts and foundations, as well as corporates to identify opportunities to apply for grants or develop partnerships to support our work with veterans and our capital redevelopment plans. Many supporters have left generous legacies to the Hospital, which have formed a significant part of our voluntary income. We plan to significantly grow our voluntary income over the next three years.

Work has taken place this year to review the performance and efficiency of our fundraising operation to establish its potential for growth in supporting and developing our Veterans' Programme and in realising opportunities to support our redevelopment and refurbishment programmes through the creation of a Capital Appeal which we will take forward in 2022-23. We have also continued with the further development of our legacy campaign.

All of our staff are offered on-going training and can attend events and conferences to network with their peers and learn best practice.

While carrying out its work to achieve these goals, the fundraising team has received no complaints.

The Hospital is registered with the Fundraising Regulator and works in compliance with the Code of Fundraising Practice. Our activities are audited against the Code of Fundraising Practice each May.

The Fundraising Committee of the Board met once during 2021-22.

## The Centre for Veterans' Health

Our commitment to caring for service personnel and veterans of the Armed Forces remains as strong today as it did when we were founded. We are proud to offer all members of the Armed Forces community, as well as their spouses, civil partners and widows, the highest quality of care via our Centre for Veterans' Health.

### **The Centre for Veterans' Health's main achievements during the financial year were:**

- the Pain Management Programme (PMP): 48 veterans took part on seven virtual PMPs. The PMP is an evidence-based programme using tried and tested pain management strategies that have been adapted to meet the specific needs of the veteran population. Rated twice as 'Outstanding' by the CQC, the overall aims of a PMP are to provide practical strategies to help veterans improve the quality of their lives while living with their pain. Strategies include: helping veterans gain a greater understanding of pain, managing physical activity and mood, and reviewing pain-related medications in order to improve confidence in the day-to-day management of their pain.
- means-tested grants: we provided 27 means-tested grants of up-to 100% of the healthcare costs to uninsured Service or ex-Service Personnel (including reserves), as well as their spouses and widows.
- a 20% military discount: 161 uninsured Service or ex-Service Personnel (including reserves), as well as their spouses and widows benefited from a 20% military discount on their healthcare costs.



*"I cannot thank the team or this programme enough, in 2015 when I was medically discharged from HM Armed Forces I thought my life was over and ever since it has all been put on hold because of pain. I can now look forward to mine and my family's future because of the strategies I have learnt on this course. Yes, the pain will always be there, that I have come to terms with, but it no longer defines me as a person. Thank you."*

A veteran who joined a virtual PMP.

*"I'm so grateful for the military grant – it's given me a new life which enables me to cope with the old one."*

A means-tested grant recipient.

We are the grateful beneficiary of the Annual Lord Mayor's Big Curry Lunch. In partnership with the Army Benevolent Fund (ABF) Soldiers Charity, the Lord Mayor's Big Curry Lunch supported 16 veterans to join the PMP throughout the financial year.

We also received grants and donations from a number of other charitable trusts and foundations and from generous families and individuals.

We published case studies and thought pieces to highlight the Hospital's work with veterans. We also promoted an interview with the pain management team to national and defence titles, summarising the Hospital's work in 2021.

## Capital Projects

During the year, the Hospital particularly benefitted from significant donations, including: £3m from the Kantor Foundation (its total pledge of £9m now fully received), which enabled the January 2022 opening of our state of the art outpatients' centre, King Edward VII's Hospital Medical Centre, providing outstanding outpatient facilities and diagnostics; £970,000 from the Thompson family (with a total pledge of £12m), which has enabled the Hospital to take forward its extensive refurbishment programme of the main Hospital; and £266,667 from the Rapp Family Foundation to support our Centre for Women's Health (its total pledge of £800,000 now fully received).

## Looking Ahead

Going forward there are two main fundraising priorities for the Hospital: delivering a major Capital Appeal to raise £67m for an extensive refurbishment of the main Hospital building and £33m for an endowment to fund the Hospital in perpetuity; and doubling the number of veterans we support via the Centre for Veterans' Health.

A new fundraising strategy has been created to achieve these priorities. It will see us build on our success to date to unlock additional opportunities and voluntary income from as wide a range of sources as possible.

To provide appropriate governance, leadership and focus for each area, two new Boards will be created. The Capital Appeal Board will provide honorary leadership of the campaign in order to raise its profile and engagement within circles of wealth and influence to ensure the Hospital achieves the campaign target. Board members will advise on, and support engagement with, prospective individual, trust and corporate donors, lead and support fundraising events and advise on strategy and planned campaign activities.

The Centre for Veterans' Health Advisory Board will provide honorary leadership of the Centre for Veterans' Health in order to raise its profile and levels of engagement within the veteran community and circles of wealth and influence in order to maximise impact and fundraising potential. Board members will be responsible for supporting the Hospital in driving the Centre for Veterans' Health growth strategy

## HOSPITAL STRATEGY

**The Hospital strives to continually improve both services to our patients and facilities for our consultant body and provide free or subsidised medical treatment for veterans and their families.**

The Hospital and its charitable works are built on 120 years of heritage. The future of King Edward VII's Hospital will continue to connect to its past, but with a clear strategic focus on what we wish to achieve. Outstanding patient-centred care, in a kind and safe environment is the foundation of all our objectives and we will work to ensure that we continue to be the preferred Hospital of patients and consultants. We continue to be renowned for outstanding patient care and delivering the best outcomes for our patients.

Our clinical strategy is to be an elective secondary care hospital focused on four patient-centred services with Clinical Directors leading each of these strategic pillars. The Clinical Directors are specialists within their fields and support the strategic aims and business objectives of the Hospital, and more importantly provide clinical leadership, which is vital for driving innovation and quality at every level.

Our four clinical areas of focus are: musculoskeletal health, women's health, urology and digestive health.

Structuring our clinical services into four clearly defined patient-centred services has translated into easy communication across the Hospital about what our focus is and will continue to be. It has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This has enabled us to embed quality MDTs across multiple specialties, increase revenue and deliver outstanding focused patient care.

We continue to build a model of collaborative working across all our clinical specialties, driving innovation and ensuring that our outcomes are measured and evidenced. The Clinical Directors have developed detailed clinical strategies for their areas that sit alongside our overarching Hospital strategy.

Our clear and concise overarching strategy continues to attract consultants seeking an opportunity to work at the Hospital. This led to the decision to add additional capacity, which has been delivered. The Day Surgery Unit and the Medical Centre have added additional surgical capacity and a state of the art diagnostic suite. There has also been a significant expansion in the number of consultation and examination rooms, both in existing and new environments.

The Day Surgery Unit and Medical Centre are also part of the wider Hospital's Estates Redevelopment Masterplan. As the Hospital is enabled to fully deliver the Masterplan, it will further transform and expand services, as well as continue to upgrade key patient and outpatient technologies and renew the physical fabric of the various Hospital buildings. The magnitude of the Masterplan will serve to transform the entire campus physically and streamline clinical operations overall.

We have clear strategies for growing activity in each of the main customer groups: self-pay, international and PMI, ensuring our services align to their needs, which in turn will strengthen our reputation with our desired customer segments and our competitive positioning. We are also actively developing strategic partnerships with other healthcare providers.

## Digital Transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are proceeding with a digital vision: delivering excellent patient care in a safe environment through excellent digital services. This digital future will support the Hospital's ambition to become the leading private hospital in the UK, deploying innovative digital solutions supported by best-in-class IT services.

The Hospital's digital vision will support these key elements within the Hospital:

### Patients:

- patient-centred services enabling them to manage their own health;
- personalised patient care around preferences and needs;
- adoption of digital tools, such as "wearables" that provide real time data to clinicians;
- enabling patients and carers to access, update and communicate with the clinical teams.

### Clinicians:

- real time access to integrated patient information at point of care;
- 'paper lite' environment, where information is available through an electronic patient/health record, orders are created and managed electronically and where communications are made and recorded electronically;
- the patient record is easily accessible, easy to use and supports their work;
- historic data is scanned and archived;
- improved clinical pathways can be developed and easily deployed.

**Operations:**

- support clinical colleagues to develop improved clinical pathways and systems;
- improve operational processes via new technologies, such as artificial intelligence, natural language processing and robotic process automaton;
- deliver improved agility to provide new services, both within the Hospital and with external partners;
- improve consistency and effectiveness of service delivery, both clinically and operationally;
- deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

**Staff:**

- support staff in their day-to-day duties, communicating and collaborating across all departments and specialties;
- enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner;
- use modern tools to access, update and manage information about themselves.

**IT:**

- create a modern business-focused IT department delivering services to support our overall strategy and business imperatives;
- deploy cloud first solutions to enable better connectivity, accessibility, security and capacity;
- support rapid process and business change delivery speed and agility in all aspects of service delivery;
- enable delivery of projects and programmes to time and budget;
- maintain a formalised project methodology to ensure quality, focus and correct prioritisation;
- ensure capacity and capability to support the digital vision and strategy of the Hospital;
- review and adopt cloud technologies where appropriate;
- adopt best practice service management to support the business, including incident management, capacity management, asset management and planning, fully supporting the patient, clinical staff and partners and other stakeholders.
- information governance and cyber security are proactively managed ensuring that all Hospital data and patient information is managed to the highest standards.

The Digital Transformation Programme is delivering a stronger IT infrastructure and putting in place the foundations for a sustainable, flexible and agile IT solution for King Edward VII's Hospital. The programme is also updating the application landscape, ensuring that it is fully understood and supported, while securing best value from our IT suppliers. The IT team is now working with IT best practice to deliver IT service, IT governance and IT programmes, ensuring consistent, cost-effective delivery for our patients, clinical teams and operational staff.

## STRUCTURE AND CORPORATE GOVERNANCE

**The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital.**

### Governing Document

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King Edward VII's Hospital (Sister Agnes) is a registered Charity (No. 208944) founded in 1899 and constituted by Royal Charter to operate an acute Hospital where serving and retired officers of the Services and their spouses can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

With the support of the Privy Council and the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change was in 2017.

### The Board of Trustees

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The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital. Meetings of the Board of Trustees are attended by the Executive Team, who provide information, data and assurance on their areas of responsibility in the organisation.

The Trustees are unpaid and upon election undergo a formal briefing and induction with the Chair of the Board, the Chief Executive and members of the Hospital's Senior Management Team and, where possible (pandemic restrictions permitting), take part in a detailed tour of the Hospital which gives each Trustee the opportunity to meet and talk to staff.

Trustees are recruited and elected to the Board in line with best practice. During the process, consideration is given to their experience, the skills required and the contribution they will bring, and the Hospital's Equality and Diversity Policy. Each Trustee has been provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee and they participate in ongoing training as required.

### Responsibilities of the Board of Trustees

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The Trustees are responsible for preparing the Trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Hospital (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

## Key Risks

The overall responsibility for the identification, assessment and mitigation of major risks to which the Hospital is exposed lies with the Board of Trustees. This responsibility is discharged through the Chief Executive, the Senior Management Team and a Designated Executive Risk lead (Medical Director), supported with advice from the Hospital's Head of Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety committee, Microbiologist and other Hospital Committees, and recommendations from inspection reports.

The Board Assurance Framework led by the Company Secretary working with Executive Leads identifies the primary risks to delivery of the strategic objectives.

The Audit, Risk and Assurance Committee reviews the Risk Management Strategy annually, as well as the Board Assurance Framework and Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate the risks. The Committee's findings are reported to the Board of Trustees.

The following three principal risks and uncertainties were identified by the Board of Trustees during the financial year 2021-22 with comprehensive action put in place to mitigate these risks.

### Future sustainability:

- Although the risk will remain high in 2022-23 actions are on track in respect of financial performance, redevelopment and fundraising, and there is a high level of confidence around these.

### ***Completion of the Digital Transformation Programme:***

- Improvement to systems and processes is taking place via the IT and digital strategy development and priority programmes.
- The equipment replacement programme is in place and progressing.
- Recruitment is underway for key substantive roles, including increasing support around data quality work to enable the organisation to increase external publication of data.

### ***To be an employer of choice in the private healthcare market:***

- There are risks in this area given increasing competition in the healthcare market for a relatively small pool of staff particularly in clinical areas.
- Work is taking place and progressing to address areas of risk around recruitment and retention, training and development and workforce planning.

### **Health and safety**

An audit of policies and processes was undertaken by an external specialist consultant under the governance of the Property and Projects Board Committee. Implementation of audit recommendations were underway during the year, moving the Hospital from a compliance score of 79% in 2021 to 94% in 2022.

A similar review of fire policies has led to a simplified suite of policies and advice for staff which has increased patient safety. A state of the art fire detection and alarm system has been installed across the main Hospital.

The following are committees of the Board, and as such have specific, delegated authorities from the Board of Trustees, as detailed in the Schedule of Reserved and Delegated Powers. All Board sub-committees unless otherwise indicated meet quarterly.

## **Board Committee Structure**

### ***The Advisory Board***

As required by the Royal Charter, an Advisory Board is in place to support the Board. It meets periodically and as required. Its role is to provide support, advice and guidance to the Board of Trustees and Executive Team in terms of the development, effectiveness and success of the charitable and independent healthcare provider element of the organisation.

The work of the Advisory Board in terms of its statutory role and the work required around Fundraising and Veterans' Health has been separated to provide greater clarity and focus. In 2022-23 we will be putting in place a Capital Appeal Board and a Centre for Veterans' Health Advisory Board to raise the profile of our veterans' work and maximise engagement.

In 2021-22, a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health was established and met once in April 2021. Since then a new fundraising strategy was approved by the Board of Trustees in which it was agreed to re-consider the governance arrangements for fundraising.



The Hospital's new fundraising strategy outlines the approach the organisation will be taking to both the Capital Appeal, and the Centre for Veterans' Health. In respect of the Centre for Veterans' Health, the Hospital is seeking to double the number of veterans it supports over the next year, before going on to deliver sustained growth in numbers. To achieve this aim, a new Centre for Veterans' Health Advisory Board will be created. The Board will be Chaired by the former Surgeon General of the Armed Forces, Dr Martin Bricknell, and will be comprised of individuals who bring complimentary skills to enable the Hospital to deliver sector-leading healthcare and support to as many veterans as possible.

#### ***Audit, Risk and Assurance Committee***

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this committee is determined by the Board of Trustees.

#### ***Finance and Investment Committee***

The Finance and Investment Committee undertakes, on behalf of the Board of Trustees, the thorough review of financial policy, performance issues and risks, alongside reviewing budgets and business plans. It also has delegated responsibility to provide strategic direction and responsible oversight of the Hospital investment portfolio and reserves. During the 2021–22 financial year, the committee met regularly to monitor the ongoing impact of COVID-19 on the underlying and forecast position.

#### ***Quality and Safety Committee***

The Quality and Safety Committee obtains assurance that high quality care is being delivered across the Hospital, ensures robust clinical governance arrangements are in place and oversees strategies related to patient engagement. It has reviewed the COVID-19 Assurance Framework and Infection Control Strategy and Quality Accounts. It provides assurance to the Board that appropriate arrangements are in place around infection prevention and control. The committee acts in a positive and open manner, and acts as a source of support and advice.

#### ***Property and Projects Committee***

The Property and Projects Committee has delegated responsibility for the oversight and management of the key infrastructure development projects at the Hospital including the re-development programme and has an oversight role on behalf of the Board for Health and Safety.

#### ***Executive Committee***

The Executive Committee meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's business plan and objectives and assess whether structures and systems in place are working effectively and efficiently. The Executive Committee also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments and developments of the Hospital.



# CORPORATE SOCIAL RESPONSIBILITY

As an organisation, it is our duty to our staff, patients, community, charity and the environment to have initiatives in place that we are held to account to deliver and which support the sustainability of the organisation. Key areas of focus for the Hospital going forward are reducing our carbon footprint, supporting the well-being of our staff, continuing to drive innovation and the reduction of waste, and supporting our charitable aims.

Initiatives across the Hospital in relation to corporate social responsibility are outlined below:

## Employees



- Continue on our pathway to pay employees the London Living Wage in 2023
- Provide an evolving range of wellbeing benefits across, health, mental health, financial and social wellbeing including six monthly employee surveys
- Progress our EDI Journey and create a workplace where people from across the spectrum of diversity feel included and represented
- Revise and substantially expand our learning and development approach and career development pathways

### Measure our success through...

- Six monthly employee Surveys
- Development of Employee Experience KPI's
- Improved Patient feedback
- Reduction of employee Turnover
- Reducing absence rates
- Bi-annual Salary Benchmarking and maintaining salaries above market median and London Living Wage

# Corporate Social Responsibility

## Charity



- Double the number of veterans we support and become known as THE country's Hospital for veterans
- Develop new veteran specific services to meet the health needs of veterans
- Become an employer of choice for veterans and reservists
- Provide opportunities for colleagues across the Hospital to support and help further our work with veterans



KING EDWARD VII'S HOSPITAL



## Reduce Waste

- Segregate waste into separate streams for re-use, re-use and recycling
- Promote recovery of waste by utilising service
- Procuring supplies with low packaging options



## Reducing consumption of power

- Utilisation of low energy consumption engineering and technology
- Promote efficient occupation monitoring to reduce unoccupied consumption



## Reduce emissions

- Avoid consumption of carbon based fuels on site
- Explore alternative generator fuel technology
- Promote deployment of Heat pump technology where possible



## Promote recycling

- Purchase recycled materials where options permit
- Encourage supply chain recycling use where possible



## Promote redevelopment

- Redevelop buildings where possible with minimum alteration to meet clinical demand
- Design for optimum flexibility and 'long life-low energy-loose fit'



## Reduce replacement of components and materials

- Utilisation of long life components
- Maintain facilities in good condition to reduce replacement requirement



## Use sustainable source of energy

- Purchase electrical power from sustainable sources
- Consider deployment of battery technology to optimise use of sustainable sources



## Reduce carbon footprint

- Encourage public transport
- Deploy electrical charging points for patients and staff
- Encourage walking and cycling for staff
- Encourage staff to become environmental champions/warriors
- Meat free Monday menu for all staff



## Other options to consider

- Employment of apprentices
- Retraining for staff to develop into career path roles
- Become a leader organisation in promoting sustainable values

## KEY MANAGEMENT PERSONNEL AND SETTING OF SALARIES

The Trustees and Executive Committee are considered to be key management personnel. All Executive Committee member salaries are reviewed annually with effect from April, in line with the Hospital wide review. Salary increases are linked to appraisal and the achievement of key performance indicators and personal objectives.

## FINANCIAL PERFORMANCE

**The outcome for the year is set out fully in the Statement of Financial Activities (page 40)**

### Reserves Policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves policy was set at a minimum level of £5m in 2021 with a target to increase the reserves to £10m, which was achieved during the year.

**These reserves are in place to ensure that the organisation is in a position to:**

- identify and enable new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;
- manage the development costs and operational cost impact of delivery of the Estates Development Strategy, including the embedding of the new facilities delivered in 2021-22: the Day Surgery Unit and the King Edward VII Medical Centre;
- provide adequate resources to fund exceptional costs and maintenance expenditure required in relation to the Hospital estate, and to fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.

The Hospital's free reserves (i.e. the General Funds) at 31 March 2022 were £5.9m (£10.2m in 2020-21) and the designated reserves for Hospital redevelopment were £8.9m (£11.6m in 2020-21).

### Going Concern

The Board of Trustees has approved the production of these financial statements on the basis of going concern. The Board of Trustees assessed the current and forward operational and financial plans and funding arrangements for the Hospital in respect to a period of at least one year from the date of approval of these financial statements to provide assurance of this basis of production.

As part of this assessment, the Trustees acknowledged the potential impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and the wider society. The planning for post-pandemic recovery ensured that the Hospital kept consultants engaged and it continues to meet the needs of patients. Together with the additional delivery capacity coming on

line during 2022-23 through our redevelopment programme, ensures the ability to cater for the anticipated increase in demand.

There continues to be strong support for the Hospital through our donors. This is in addition to the reserves that the Hospital carries to support the forward funding and development of the Hospital. In addition to this, the Hospital continues to nurture commercial partnerships with aligned organisations to extend services and deliver cost improvement opportunities.

## Investment Policy

The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third party investment management firm. The investment strategy is agreed with Sarasin and the performance of the fund, its composition and the appropriateness of the investment strategy is reviewed at intervals with Sarasin by the Finance & Investment Committee.

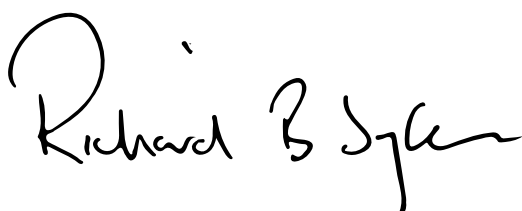
The composition of the portfolio between short, medium and long-term funds is reflective of the forward forecast of funding requirements of the Hospital.

The balance of the investment fund as at 31 March 2022 was £10.3m and it benefitted from an income of £0.3m in the year (31 March 2021: £20.0m with £0.4m income).

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Board of Trustees is of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

The Board of Trustees approved the re-appointment of the Hospital's Auditor, Buzzacott LLP for two years in 2020. The Audit, Risk and Assurance committee has recommended the further re-appointment of Buzzacott LLP as Auditor for 2022/23.

We are most grateful for the support of our Patron, Her Late Majesty Queen Elizabeth II, our President The Duke of Kent, the "Friends" of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes

***Trustee and Chair of the Board***

20 October 2022

# 2 Independent auditor's report to the Board of Trustees of King Edward VII's Hospital

## Opinion

We have audited the accounts of King Edward VII's Hospital (the 'Hospital') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- give a true and fair view of the state of the Hospital's affairs as at 31 March 2022 and of its 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 Charities Act 2011.

### 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 accounts section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

## **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Hospital'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 Hospital or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

**Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:**

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**We assessed the susceptibility of the Hospital's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:**

- making enquiries of key management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**To address the risk of fraud through management bias and override of controls, we:**

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

**In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:**

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

### **Auditor's responsibilities for the audit of the accounts** *(continued)*

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

### **Use of our report**

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



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

26 January 2023

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



# 3 Financial Statements

## Statement of Financial Activities Year Ending 31 March 2022

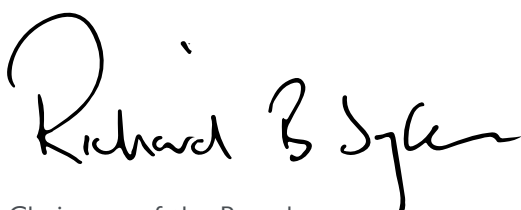
	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
<b>Income from:</b>							
Donations and legacies	1	648	4,458	5,107	282	457	739
Investment income and interest receivable	2	309	-	309	407	-	407
Charitable activities							
Patient charges	3	34,242	-	34,242	29,345	-	29,345
Other income	3	699	-	699	556	-	556
CJRS income		4	-	4	249	-	249
<b>Total income</b>		<b>35,902</b>	<b>4,458</b>	<b>40,360</b>	<b>30,839</b>	<b>457</b>	<b>31,296</b>
<b>Expenditure on:</b>							
Raising funds	4	(371)	-	(371)	(253)	(31)	(284)
Charitable activities							
Provision of patient services	5	(43,379)	(317)	(43,696)	(32,740)	(414)	(33,154)
Grants	7	-	(136)	(136)	-	(78)	(78)
<b>Total expenditure</b>		<b>(43,750)</b>	<b>(453)</b>	<b>(44,203)</b>	<b>(32,993)</b>	<b>(523)</b>	<b>(33,516)</b>
<b>Net (expenditure) income before gains and losses on investments</b>							
		<b>(7,848)</b>	<b>4,005</b>	<b>(3,843)</b>	<b>(2,154)</b>	<b>(66)</b>	<b>(2,220)</b>
Net investment gains on listed investments	11	402	-	402	2,737	-	2,737
<b>Net income (expenditure)</b>		<b>(7,446)</b>	<b>4,005</b>	<b>(3,441)</b>	<b>583</b>	<b>(66)</b>	<b>517</b>
<b>Other recognised gains and losses</b>							
Actuarial gains (losses) on defined benefit pension scheme	14	597	-	597	(294)	-	(294)
Transfers between funds	17	7,485	(7,485)	-	7,455	(7,455)	-
<b>Net movement in funds</b>		<b>636</b>	<b>(3,480)</b>	<b>(2,844)</b>	<b>7,744</b>	<b>(7,521)</b>	<b>223</b>
<b>Reconciliation of funds:</b>							
<b>Balances at 1 April</b>		<b>45,948</b>	<b>10,690</b>	<b>56,638</b>	<b>38,204</b>	<b>18,211</b>	<b>56,415</b>
<b>Balances at 31 March</b>		<b>46,584</b>	<b>7,210</b>	<b>53,794</b>	<b>45,948</b>	<b>10,690</b>	<b>56,638</b>

All the Hospital's activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

## Balance Sheet 31 March 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
<b>Fixed assets</b>					
Tangible assets	10		34,267		25,017
Investments	11		10,307		20,019
			<u>44,574</u>		<u>45,036</u>
<b>Current assets</b>					
Stock		1,582		1,428	
Debtors	12	8,597		9,691	
Cash at bank and in hand		6,289		6,833	
		<u>16,468</u>		<u>17,952</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,172)</u>		<u>(5,551)</u>	
<b>Net current assets</b>			11,296		12,401
<b>Creditors: amounts falling due &gt; 1 year</b>	13a		<u>(2,075)</u>		<u>-</u>
<b>Total net assets excluding pension liability</b>			53,794		57,437
<b>Pension asset/(liability)</b>	14		-		(799)
<b>Total net assets including pension liability</b>			<u>53,794</u>		<u>56,638</u>
<b>The funds of the charity:</b>					
Unrestricted funds					
Designated funds	15	8,932		11,597	
Fixed assets fund	16	31,735		25,017	
General funds (free reserves)		5,917		10,133	
Pension reserve	14	-		(799)	
			46,584		45,948
Restricted funds	17				
120th Anniversary Appeal		6,324		10,674	
KEVII Medical Centre		-		(1,194)	
Other restricted funds		886		1,210	
			7,210		10,690
<b>Total funds</b>			<u>53,794</u>		<u>56,638</u>

Approved by the Board of Trustees on 20 October 2022 and signed on its behalf by:



Chairman of the Board



Chief Executive

## Statement of cash flows Year to 31 March 2022

	Notes	2022 £'000	2021 £'000
Net cash provided by operating activities	A	974	165
Net cash (used in) investing activities	B	(1,620)	(4,813)
(Decrease) in cash and cash equivalents		(646)	(4,648)
Cash and cash equivalents at 1 April		6,957	11,605
Cash and cash equivalents at 31 March		6,311	6,957

### Notes to the statement of cash flows for the year ended 31 March 2022

#### A Reconciliation of net (expenditure) income to net cash provided by operating activities

	2022 £'000	2021 £'000
Net (expenditure) income per statement of financial activities	(3,441)	517
Adjustments:		
Investment (gains)	(402)	(2,737)
Defined benefit pension scheme adjustment	202	192
Depreciation charge	2,288	2,159
Investment income receivable	(309)	(407)
(Increase) in stocks	(154)	(206)
Decrease (Increase) in debtors	1,094	(2,582)
Increase in creditors	1,696	3,229
Net cash provided by operating activities	974	165

#### B Net cash (used in) investing activities

	2022 £'000	2021 £'000
Payments to acquire tangible fixed assets	(11,540)	(7,932)
Receipts from disposals of investments	10,451	4,000
Movement in cash held as investments	(102)	(469)
Movement on revaluation of investments	(738)	(819)
Investment income received	309	407
	(1,620)	(4,813)

#### C Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	6,289	6,833
Cash held by investment managers	22	124
Total	6,311	6,957

#### D Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	New finance leases £'000	At year-end £'000
Cash	6,957	(3,178)	2,532	6,311
Loans falling due within one year	-	-	-	-
Loans falling due within after more than one year	-	-	-	-
Finance lease obligations	-	-	-	-
Total	6,957	(3,178)	2,532	6,311

# 4 Principal accounting policies

31 March 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

## **Basis of preparation**

These financial statements have been prepared for the year to 31 March 2022.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

## **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

### **The items in the financial statements where these judgements and estimates have been made include:**

- estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- estimating any provision needed against slow moving or obsolete stock;
- estimating the value of income in respect to unbilled patients at the year-end date;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- estimating future income and expenditure flows for the purpose of assessing going concern (see below).

## **Assessment of going concern**

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

## Principal accounting policies 31 March 2022

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2022–23 and in addition to this the Hospital has put in place and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threatened.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Board of Trustees is of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

### Scope of the financial statements

The financial statements include the net assets and transactions of a linked charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 16).

### Income recognition

Income is recognised in the period in which the Charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and interest receivable and income from patient services provided as part of the operation of an independent acute hospital.

Donations are recognised when the Charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised. Legacies are included in the statement of financial activities when the Charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Charity.

Entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured

## Principal accounting policies 31 March 2022

reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the Charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute hospital is recognised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

### **Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a pro rata basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

## Principal accounting policies 31 March 2022

### Tangible fixed assets

All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, and estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties (excluding the new King Edward VII Medical Centre) until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight-line basis designed to write off the cost of structures over the remaining period of the lease.

The new King Edward VII Medical Centre has a 30-year lease period and the components of construction, equipment and IT related costs are depreciated in line with each class of asset. Building construction is depreciated over 25 years and other components such as equipment, fixtures and fittings and IT are depreciated between 10% and 25% per annum based on initial cost.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

### Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

### Stocks

Stocks comprising pharmaceutical supplies and hospital consumables are stated at the lower of cost and net realisable value.



## Principal accounting policies 31 March 2022

### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

### Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the Charity anticipates it will pay to settle the debt.

### Pensions

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset (capped at £nil) or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

### Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the Charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension asset (capped at £nil) or liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

### Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

# 5 Notes to the financial statements

31 March 2022

## 1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Legacies	180	-	180
Other donations			
Individuals	228	101	329
Kantor Charitable Foundation	-	3,000	3,000
Thompson Family Charitable Trust	-	971	971
Grant giving organisations	240	386	626
<b>Total funds</b>	<b>648</b>	<b>4,458</b>	<b>5,106</b>

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Legacies	90	-	90
Other donations			
Individuals	149	32	181
Grant giving organisations	43	425	468
<b>Total funds</b>	<b>282</b>	<b>457</b>	<b>739</b>

## 2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
<u>Income from listed investments:</u>			
Sarasin Charity Authorised Investment Fund	309	-	309
Bank interest	-	-	-
<b>Total funds</b>	<b>309</b>	<b>-</b>	<b>309</b>

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
<u>Income from listed investments:</u>			
Sarasin Charity Authorised Investment Fund	398	-	398
Bank interest	9	-	9
<b>Total funds</b>	<b>407</b>	<b>-</b>	<b>407</b>

## Notes to the financial statements 31 March 2022

### 3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Patient charges	34,242	-	34,242
Other income	699	-	699
<b>Total funds</b>	<b>34,941</b>	<b>-</b>	<b>34,941</b>

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Patient charges	29,345	-	29,345
Other income	556	-	556
<b>Total funds</b>	<b>29,901</b>	<b>-</b>	<b>29,901</b>

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to Service patients in line with the Hospital's charitable objective. This benefit to Service patients amounted to £82,878 for 69 patients (2021: £52,149 for 34 patients)

Other income includes rental monies received for staff accommodation of £75,000 (2021: £193,000) and consultant room revenue of £619,000 (2021: £363,000)

### 4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Staff costs (note 6)	202	-	202
Other direct costs	84	-	84
Investment management fee rebate	(27)	-	(27)
<b>Total direct costs</b>	<b>259</b>	<b>-</b>	<b>259</b>
Allocated indirect costs (note 5)	112	-	112
<b>Total funds</b>	<b>371</b>	<b>-</b>	<b>371</b>

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Staff costs (note 6)	192	-	192
Other direct costs	30	31	61
Investment management fee rebate	(37)	-	(37)
<b>Total direct costs</b>	<b>185</b>	<b>31</b>	<b>216</b>
Allocated indirect costs (note 5)	68	-	68
<b>Total funds</b>	<b>253</b>	<b>31</b>	<b>284</b>

## Notes to the financial statements 31 March 2022

### 5 Provision of patient services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Surgical and pharmaceutical supplies	13,339	-	13,339
Provisions and domestic supplies	721	-	721
Staff costs (note 6)	15,203	-	15,203
Agency staff	2,380	-	2,380
Repairs, renewals and maintenance	1,720	-	1,720
Accommodation and administration expenses	8,101	-	8,101
Pain Management Programme	-	258	258
Depreciation and amortisation	2,229	59	2,288
	<b>43,693</b>	<b>317</b>	<b>44,010</b>
Costs allocated to raising funds (note 4)	(112)	-	(112)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(202)	-	(202)
<b>Total funds</b>	<b>43,379</b>	<b>317</b>	<b>43,696</b>

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Surgical and pharmaceutical supplies	9,658	-	9,658
Provisions and domestic supplies	508	-	508
Staff costs (note 6)	13,128	-	13,128
Agency staff	751	-	751
Repairs, renewals and maintenance	1,371	-	1,371
Accommodation and administration expenses	5,477	-	5,477
Pain Management Programme	-	361	361
Depreciation and amortisation	2,106	53	2,159
	<b>33,000</b>	<b>414</b>	<b>33,414</b>
Costs allocated to raising funds (note 4)	(68)	-	(68)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(192)	-	(192)
<b>Total funds</b>	<b>32,740</b>	<b>414</b>	<b>33,154</b>

Restricted fund depreciation represents depreciation on assets financed by specific donations. Included within administration expenses are the auditor's remuneration of £40,000 (2021: £39,000) in respect of the audit of the statutory financial statements, and fees payable to the auditor for other services and the audit of the pension scheme of £8,550 (2021: £8,328).

## Notes to the financial statements 31 March 2022

### 6 Staff costs

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	2022 £'000	2021 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	13,333	11,568
Social security costs	1,410	1,145
Pension costs – defined benefit scheme (note 14)	263	244
Pension costs – group personal pension plans (note 14)	221	204
Pension costs – defined contribution pension plan (note 14)	178	155
	<b>15,405</b>	<b>13,316</b>
These costs are allocated as follows:		
Provision of patient services (note 5)	15,203	13,128
Expenditure on raising funds (note 4)	202	192
	<b>15,405</b>	<b>13,320</b>

Salary costs include restructuring costs of £37,297 in respect of five people (2021: £82,792, eight people). Salary costs include a holiday pay accrual of £57,817 which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2022 No. of staff	2021 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	179	151
Service support	122	108
Administration	72	59
	<b>373</b>	<b>318</b>

	2022 No. of staff	2021 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	11	7
£70,001 - £80,000	6	7
£80,001 - £90,000	4	2
£90,000 - £100,000	-	2
£100,001 - £110,000	2	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£150,001 - £160,000	-	1
£180,000 - £190,000	1	-
	<b>25</b>	<b>20</b>

## Notes to the financial statements 31 March 2022

### 6 Staff costs (continued)

No member of the Board of Trustees received remuneration for their services or had reimbursed expenses during either year.

The Charity's key management personnel in charge of directing and controlling, running and operating the Charity on a day-to-day basis comprise the Board of Trustees and the Executive Committee detailed on page 8 and 9 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £1,290,200 (2021: £972,358).

### 7 Grants payable

	2022 £'000	2021 £'000
Outstanding commitments at 1 April	23	-
Awarded during the year	122	101
Paid during the year	(136)	(78)
Outstanding commitments at 31 March	9	23

Grants paid during the year of £136,271 represent amounts paid to Service inpatients and Service outpatients during the period to assist with Hospital fees. Grants are made from a restricted fund of the Charity (Note 17).

Liabilities for grants represent the unpaid balance on grants awarded by the Charity as at the balance sheet date. They relate to current activities funded by the Charity to which it is firmly committed.

### 8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2021: £5 million) and the total premium paid in respect of such insurance was £11,200 (2021: £5,684).

### 9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

## Notes to the financial statements 31 March 2022

### 10 Tangible fixed assets

	Assets under construction £'000	Long leasehold buildings £'000	Equipment, Fixtures and Fittings £'000	2022 Total £'000
<b>Cost</b>				
As at 1 April 2021	9,403	19,572	20,706	49,681
<b>Additions during the year</b>				
Imaging and scanning			123	123
Estates			244	244
Theatre			557	557
Information Technology			147	147
Housekeeping/Catering			20	20
Critical Care Unit			5	5
Fixtures & fittings			31	31
Long leasehold building		9,153	-	9,153
Nursing			22	22
Pharmacy			2	2
Physiotherapy			23	23
Other			6	6
WIP- Estates Masterplan	1,100			1,100
WIP- IT Infrastructure	107			107
<b>Total additions</b>	1,207	9,153	1,180	11,540
Transfers	(8,085)		8,085	-
Disposals	-	-	-	-
As at 31 March 2022	2,525	28,725	29,971	61,221
<b>Accumulated Depreciation</b>				
As at 1 April 2021	-	11,933	12,733	24,666
Charge for the year	-	298	1,990	2,288
On disposals	-	-	-	-
As at 31 March 2022	-	12,231	14,723	26,954
<b>Net book values</b>				
As at 31 March 2022	2,525	16,494	15,248	34,267
As at 31 March 2021	9,405	7,639	7,973	25,017

#### Transfers

The following assets were brought into use during the financial year:

- In July 2021, £172,362 for fire door remedial works.
- In February 2022, £1,004,781 for the Day Surgery Unit.
- In March 2022, £266,362 for the wireless fire alarm installation.
- In March 2022, £6,479,586 relating to the King Edward VII Medical Centre.
- In March 2022, £161,719 professional fees for the implementation of Netsuite system were incurred.
- Leasehold additions relate to the construction works on KEVII Medical Centre and the Day Surgery Unit for £6,763,211 and £2,389,590, respectively.



## Notes to the financial statements 31 March 2022

### 10 Tangible fixed assets (continued)

The Hospital holds property under long leasehold interest. In accordance with the Hospital's accounting policy, these assets are stated at cost less accumulated depreciation. At 31 March 2022, the net book value of the Hospital's long leasehold properties was £9.78m. This excludes the King Edward Medical Centre which is held under a 30-year lease.

The properties were formally valued with professional assistance as at 1 August 2021 by a registered valuer at Chalkhouse Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. The long leasehold interests were valued at a sum of £82.35m. This valuation has not been reflected in these financial statements as the Hospital's accounting policy is for tangible fixed assets to be held at cost and depreciated over their useful lives.

### 11 Investments

	Total 2022 £'000	Total 2021 £'000
<b>Balance as at 1 April</b>	<b>20,019</b>	<b>20,847</b>
Income earned (Note 2)	309	398
Realised gains in year	1,142	1,588
Unrealised (losses) gains in year	(739)	1,149
Investment management fee rebate (Note 4)	27	37
Cash withdrawals	(10,451)	(4,000)
<b>Balance as at 31 March</b>	<b>10,307</b>	<b>20,019</b>

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2022 comprised the following:

	2022 £'000	2021 £'000
Charity Authorised Investment Funds	9,932	18,693
Diversified money market fund	353	1,202
	<b>10,285</b>	<b>19,895</b>
Cash held for reinvestment	22	124
<b>Total funds</b>	<b>10,307</b>	<b>20,019</b>

The Charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2022, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

## Notes to the financial statements 31 March 2022

### 11 Investments (continued)

	Book cost	Market value	Percentage of total portfolio
	£'000	£'000	%
Sarasin Endowments Fund Class A Inc (Long term portfolio)	6,310	9,926	96.3%
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	367	370	3.6%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	62	11	0.1%
	<b>6,739</b>	<b>10,307</b>	<b>100%</b>

### 12 Debtors

	2022	2021
	£'000	£'000
Patient charges receivable	5,119	6,960
Accrued income	2,042	1,470
Prepayments	1,404	1,235
Other debtors	32	26
	<b>8,597</b>	<b>9,691</b>

### 13 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Expense creditors	1,067	1,980
Accruals	2,758	1,740
Deferred Income	-	1,491
Payments on account	134	-
Other creditors	756	340
Finance lease	457	-
	<b>5,172</b>	<b>5,551</b>

#### 13a Creditors: amounts falling > 1 year

	2022	2021
	£'000	£'000
Finance lease	2,075	-
	<b>2,075</b>	<b>-</b>

The finance lease relates to the purchase of the major Imaging equipment in the new King Edward VII Medical Centre

## Notes to the financial statements 31 March 2022

### 14 Pension commitments

Throughout both 2022 and 2021, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year ended 31 March 2022	178	221	263
	%	%	%
Employer minimum contribution	3.0	5.0	29.6
Employee minimum contribution	5.0	3.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee member of scheme as at 31 March 2022	203	66	5

#### Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable during the prior period were £155,000.

#### Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £204,000.

#### Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for three years eight months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

## Notes to the financial statements 31 March 2022

### 14 Pension commitments (continued)

#### Defined benefit pension scheme (continued)

The normal contributions for the year to 31 March 2022 were £263,000 (2021: £218,000). The contributions made by the employer in the period to 31 March 2022 were at the rate of 29.6% (2021: 31.6%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2022 by the Hospital Pension Fund Managers, Mercers.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2022 £'000	2021 £'000
Fair value of scheme assets	18,973	19,579
Present value of scheme liabilities	(18,597)	(20,378)
Deficit in the scheme	376	(799)
Net pension asset/(liability)	376	(799)

Under FRS 102, the net pension asset is capped at nil value on the balance sheet.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2022 £'000	Proportion at 31 March 2022 %	Assets at 31 March 2021 £'000	Proportion at 31 March 2021 %
Equities (including property)	3,694	19%	3,806	19%
Bonds	1,216	6%	1,800	9%
Insured pensions	13,513	71%	13,308	68%
Cash	550	4%	665	3%
Total	18,973	100%	19,579	100%

The major assumptions used by the actuary (in normal terms) were:

	2022 %	2021 %
Consumer Price Inflation (CPI)	2.90%	2.40%
Salary escalations	3.90%	3.40%
Pension increases:		
RPI subject to a maximum of 4%	3.20%	2.90%
RPI subject to a maximum of 5%	3.50%	3.10%
RPI subject to a maximum of 7%	3.80%	3.30%
Discount rate (pre and post retirement)	2.80%	2.00%

## Notes to the financial statements 31 March 2022

### 14 Pension commitments *(continued)*

#### Defined benefit pension scheme *(continued)*

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2022 Years	At 31 March 2021 Years
For a male aged 65 now	22.0	22.0
At 65 for a male member aged 45 now	23.7	23.7
For a female aged 65 now	24.0	23.9
At 65 for a female member aged 45 now	25.8	25.8

FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date.

	2022 £'000	2021 £'000
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#### Analysis of amount charged to statement of financial activities

Current service cost (excluding insured death-in-service benefits)	31	38
Operating charge	31	38

#### Analysis of net return on pension scheme

Interest income on pension scheme assets	385	404
Interest cost on scheme liabilities	(399)	(418)
Net finance charge	(14)	(14)

#### Other recognised gains and losses

Asset return less interest income	(357)	2,615
Experience (losses)/gains on benefit obligations	203	(73)
Effect of assumptions changes on benefit obligation	1,127	(2,836)
Actuarial gains (losses)	973	(294)

## Notes to the financial statements 31 March 2022

### 14 Pension commitments *(continued)*

#### Defined benefit pension scheme *(continued)*

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2022 £'000	2021 £'000
Deficit in scheme at 1 April	(799)	(697)
Movement in period:		
Current service cost	(31)	(38)
Contributions	247	244
Net finance charge	(14)	(14)
Actuarial gains (losses)	973	(294)
<b>Surplus/(deficit) in scheme at 31 March</b>	<b>376</b>	<b>(799)</b>

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2022 £'000	2021 £'000
Scheme liabilities at 1 April	20,378	17,789
Interest cost	399	418
Current service cost	31	38
Contributions by plan participants	10	10
Actuarial (gain) loss	(1,330)	2,909
Benefits paid	(891)	(786)
<b>Scheme liabilities at 31 March</b>	<b>18,597</b>	<b>20,378</b>

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2022 £'000	2021 £'000
Fair value of scheme assets at 1 April	19,579	17,092
Interest income	385	404
Asset (losses) gains	(357)	2,615
Contributions by employer	247	244
Contributions by plan participants	10	10
Benefits paid	(891)	(786)
<b>Fair value of plan assets at 31 March</b>	<b>18,973</b>	<b>19,579</b>

## Notes to the financial statements 31 March 2022

### 15 Designated funds

The income funds of the Charity include a designated fund which has been set aside out of unrestricted funds by the Trustees for the Hospital development project. As at 31 March 2022 this was £8,932,000 (2021: £11,597,000).

### 16 Fixed assets fund

	As at 1 April 2021 £'000	Movement in year £'000	As at 31 March 2022 £'000
Fixed asset fund	25,017	6,718	31,735

	As at 1 April 2021 £'000	Movement in year £'000	As at 31 March 2022 £'000
Fixed asset fund	18,124	6,893	25,017

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

### 17 Restricted funds

	As at 1 April 2021 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2022 £'000
120th Anniversary Appeal Fund	10,674	233	-	(25)	(4,558)	6,324
King Edward VII Medical Centre Fund	(1,194)	3,000	(59)	(6,305)	4,558	-
Capital Campaign Fund	-	971	-	(1,155)	-	(184)
Freemasons Fund	8	-	-	-	-	8
Sister Agnes Benevolent Fund	529	254	(394)	-	-	389
Alexander Michael Levy Fund	673	-	-	-	-	673
	10,690	4,458	(453)	(7,485)	-	7,210



## Notes to the financial statements 31 March 2022

### 17 Restricted funds (continued)

	As at 1 April 2020 £'000	Income £'000	Expenditure £'000	Investment gains and losses £'000	Capital expenditure and transfers £'000	As at 31 March 2021 £'000
120th Anniversary Appeal Fund	11,475	267	-		(1,068)	10,674
King Edward Medical Centre VII Fund	4,391	-	-		(5,585)	(1,194)
Equipment Fund	53	-	(53)		-	-
Centenary Appeal Fund	1,064	-	-		(1,064)	-
Freemasons Fund	9	-	(1)		-	8
Sister Agnes Benevolent Fund	546	190	(469)		262	529
Alexander Michael Levy Fund	673	-	-		-	673
	18,211	457	(523)	-	(7,455)	10,690

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three year development of the Hospital, comprising the main Hospital, The King Edward VII Medical Centre and diagnostic facilities. The £3m received in 2021/22 from the Kantor Charitable Foundation was the final payment towards the £9m pledge as agreed. The second tranche of £266,667 from Michael Rapp is one of three as part of a total pledge of £800,000 over three years.

The Equipment Fund and Centenary Appeal Fund are historical funds which have been fully expended and are now closed.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to Service patients to assist with payment of Hospital fees and funds to go towards the delivery of the Pain Management Programme.

The Capital Campaign Fund is the ongoing Capital Redevelopment Fund which is the main fundraising Appeal for the next five financial years.

The Alexander Michael Levy Fund is a linked charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the Charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019/20, the unrestricted funds of the linked charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the linked charity continues to be held as a restricted fund of the Hospital at 31 March 2022. Permanent endowment funds of the linked charity were £673,000 at 1 April 2021 and at 31 March 2022, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2021-22.

## Notes to the financial statements 31 March 2022

### 18 Analysis of net assets between funds

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,267	-	34,267
Investments	-	3,097	-	-	7,210	10,307
Net current assets	5,917	5,835	-	(457)	-	11,296
Long term lease liability	-	-	-	(2,075)	-	(2,075)
Pension liability	-	-	-	-	-	-
	<b>5,917</b>	<b>8,932</b>	<b>-</b>	<b>31,735</b>	<b>7,210</b>	<b>53,794</b>

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	25,017	-	25,017
Investments	-	9,329	-	-	10,690	20,019
Net current assets	10,133	2,268	-	-	-	12,401
Pension liability	-	-	(799)	-	-	(799)
	<b>10,133</b>	<b>11,597</b>	<b>(799)</b>	<b>25,017</b>	<b>10,690</b>	<b>56,638</b>

### 19 Lease commitments

The Hospital's properties excluding the new King Edward VII Medical Centre are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2022 under the terms of the various leases for the five year period up to the next rent review is £4,529,000 (2021 – £6,038,000).

The new King Edward VII Medical Centre is held under a 30-year lease which started at the end of 2021 and which expires in 2051. The annual charge is £1,667,000 and there are rent reviews every five years.

At 31 March 2022 the Hospital was committed to pay total future rental payments of £167,000 due within one year (2021: £501,000) in respect of medical equipment held under operating leases.

### 20 Related party transactions

The role of Interim Chief Information Officer has been covered by a director of BCMB Consulting from 1 June 2021. The Hospital paid BCMB Consulting £41,500 for this service in 2021-22.

There were no further related party transactions (2020-21 none).

# 6 Glossary of abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
DNA	Did Not Attend
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GP	General Practitioner
HR	Human Resources
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
MDT	Multi-Disciplinary Team
NHS	National Health Service
OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
QEP	Quality, Efficiency, Productivity
QI	Quality Improvement
QR	Quick Response
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SQL	Structured Query Language
UK	United Kingdom
UKHSA	UK Health Security Agency



KING EDWARD VII's  
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