

King Edward VII's Hospital

Annual Report and Financial Statements

31 March 2023



KING EDWARD VII's
HOSPITAL

Charity Registration Number 208944

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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

2022-23 represented a tumultuous year for King Edward VII's Hospital, with the passing of our beloved Patron, Her Majesty Queen Elizabeth II, on 8 September 2022. Her Majesty was closely involved with the Hospital for a remarkable 70 years, from 1952 when she graciously accepted the Patronage. We remember her unwavering and steadfast support with enormous gratitude and fondness.

We were sad to hear of the passing of Field Marshal The Lord Inge KG GCB PC DL who died on 22 July 2022. He served as Chairman of King Edward VII's Hospital from 2002 to early 2012 and then as Honorary Vice-President. We are very grateful for his long standing contributions to the Hospital.

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. During 2022-23 we cared for more veterans through our pain-management programmes than ever before, which was made possible by generous donations from our Friends and other supporters, for which we are extremely grateful.

We continue to build on our ethos of consistently delivering the highest standards of personalised patient-centred care in a safe and kind environment. In June 2022, the Care Quality Commission (CQC) carried out an unannounced inspection of the Hospital, focusing on our Surgical, Diagnostic Imaging and Outpatient services. Ratings across all key service areas were 'Good', while Surgery received an 'Outstanding' in the 'well-led' category. This is further evidence of the hard work and dedication displayed by all our staff at King Edward VII's Hospital.

Whilst pleased to have achieved a 'Good' CQC rating, the Hospital has a culture of learning and strives to learn from all feedback, whether good or very occasionally bad, while continuing its journey to 'Outstanding'. We have an active quality improvement programme which is overseen centrally, but owned and managed locally.

January 2023 marked the one-year anniversary of the opening of The King Edward VII's Medical Centre. This outpatient and diagnostic facility has become an integral part of our Hospital campus, providing modern and spacious consulting rooms and best-in-class imaging and diagnostic facilities. It is a space that consultants and nurses enjoy working in, but perhaps more importantly, patients enjoy visiting. It has allowed us to optimise our outpatient pathways and provides a vision for service delivery as we develop the main Hospital building into a clinical facility fit for the future.

We continue to attract and retain leading consultants, further raising the profile of the Hospital and aligning with our clinical strategy focused on our four “centres of excellence”, which is covered further in this report. We continue to explore collaborative ways of working with our consultants, and this year have rolled out our first joint venture with the formation of a subsidiary with London Urology Specialists Ltd to form LUS@KEVII Ltd. This model of collaboration has been a long time in gestation, but should drive quality and activity. It is a blueprint for joint working with consultants, enabling them to remain as independent practitioners but committing to them in the longer term.

Our strategic decision in 2018 to focus on four “centres of excellence” included a commitment to invest in those areas. We are particularly proud of the many clinical innovations we have introduced this year. Within the urology service, we have introduced Lithotripsy, a noninvasive procedure for the treatment of kidney stones, and holmium laser enucleation of the prostate (HoLEP), a minimally invasive surgical intervention designed to alleviate lower urinary tract symptoms in men. In the Women's Health service, we have invested in SPY portable handheld imager (SPY-PHI) technology, which has multiple indications, including localising lymph nodes in gynaecological laparoscopic cancer surgery and testing the blood supply of skin flaps in breast reconstructive surgery. In terms of previous investments over the past five years, it was gratifying to mark the 1000th high intensity focused ultrasound (HIFU) procedure for prostate cancer performed at the Hospital, in February 2023.

We believe passionately in multi-disciplinary team-working (MDT) and have a number of highly functional MDTs, which include consultants and specialist nursing, radiology and other health professionals. This model has underpinned the provision of excellence in cancer care nationally, and indeed here at King Edward VII's Hospital, but we have gone further than this with our benign orthopaedic MDT focused on knee replacements. We have conducted an internal peer review of all of our MDTs using a process which goes beyond that required in cancer care nationally, looking not only at attendance and cases discussed but also behaviours to ensure they are a safe space for all participants to contribute.

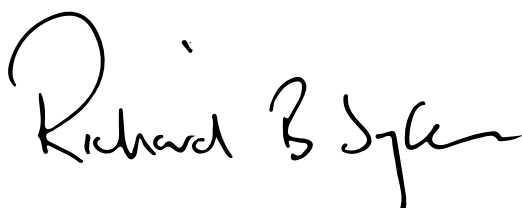
As a Hospital, we remain as committed to prioritising the well-being of our employees as we do for our patients – happy staff make for happy patients. We continue to strive to create a professional and caring environment. The implementation of our integrated Human Resources (HR) strategy focuses on traditional HR practices, alongside innovative 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, including flexible working options, regular townhall meetings, apprenticeship schemes, wellness classes and virtual reality training modules to name a few.

We can only truly excel when we fully engage with diversity in all its forms in both our staff and our patients. In recognition of our commitment to becoming a more inclusive and diverse organisation, we were thrilled to win the Laing Buisson Independent Hospital Award, the citation commending our Rainbow Pledge and plans for Pride in Care accreditation in 2023. 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.

The Hospital continues to increase and promote patient participation and engagement through the Patient Experience Committee (PEC) and Patient Participation Group (PPG). The PEC is highly engaged and provides feedback on a number of initiatives, including quality improvement projects and patient information brochures. It also receives regular updates on our patient satisfaction surveys and complaints activity, which feeds into continuous improvements in care. We are grateful for the selflessness of our patient representatives, giving their time freely to support these important initiatives.

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with a charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and cultivate 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. This year we launched our 'Next Chapter' fundraising appeal, to raise funding for refurbishment of the main Hospital buildings.

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 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. Clearly a high-functioning Hospital leadership team is essential to delivering this vision, and I would like to convey my gratitude to the leadership team and all our staff for the commitment, dedication and energy they display year after year. Without them, King Edward VII's Hospital would not enjoy the reputation we have earned as a centre of excellence for private healthcare.



Sir Richard Sykes

Trustee and Chair of the Board

22 January 2024

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2023.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 47-52 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 regard to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

Reference and administrative details

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

Patron

Her Late Majesty Queen Elizabeth II

President

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

Honorary Vice-President

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

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 KBE PC FRCS

Professor Roger Kirby MA MD FRCS (Urol)

Sir Stuart Lipton

The Hon. Mrs Virginia Lovell JP, DL (until November 2023)

Mrs Alison Parkhouse (nee Dean)

Professor Dame Lesley Regan DBE

Mr Sanjay Shah BA (Hons) FCA (from November 2022)

Advisory board

Sir Richard Sykes FRS FMedSci HonFREng (chair)

Dr Martin CM Bricknell CB OStJ

Mr Andrew Graham

Board committees (membership)

Audit, Risk & Assurance Committee

Ms Fiona Driscoll MA (chair)

Mr Paul Biddle FCA

Mr Sanjay Shah BA (Hons) FCA (from November 2022)

Finance & Investment Committee

Mr Paul Biddle FCA (chair)

Mrs Alison Parkhouse (nee Dean) (until November 2023)

Mr Sanjay Shah BA (Hons) FCA (from November 2023)

Board committees (membership) *(continued)*

Quality and Safety Committee

Professor Dame Lesley Regan DBE (chair)

Professor Lord Ajay Kakkar KBE PC FRCS

The Hon. Mrs Virginia Lovell JP, DL (until November 2023)

Mrs Alison Parkhouse (nee Dean) (from November 2023)

Property and Projects Committee

Sir Stuart Lipton (chair)

Professor Roger Kirby MA MD FRCS (Urol)

Nominations Committee

Sir Richard Sykes FRS FMedSci HonFREng (chair)

Professor Roger Kirby MA MD FRCS (Urol)

Sir Stuart Lipton

Executive team

The Executives during the year and since the year end are as follows:

Chief Executive

Lindsey Condron Andrews (to September 2022)

Professor Justin Vale (interim from September 2022 and substantive from February 2023)

Finance and Commercial Director

Patrick Butterworth (to April 2023)

Chief Financial Officer

Fiona Barber (interim from March 2023 and substantive from October 2023)

Medical Director

Professor Justin Vale (to July 2023)

Siân Allen (from August 2023)

Director of Nursing

Emmett Steed-Mundin

Director of Operations

Kate Farrow (to February 2023)

Rebecca Sumner (from March 2023)

Executive team (continued)

Director of Clinical Strategy

Mr Alan Farthing (to March 2023)

Director of Philanthropy, Fundraising & Veterans' Health (plus Brand from November 2022 and Director of Strategy and Philanthropy from March 2023)

Alex Le Vey

Director of HR and L&D

Neil King

Director of Estates and Major Projects

Eamon Malone (to September 2023)

Interim Chief Information Officer

Owen Brady



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 of Trustees has given careful consideration to the Charity Commission’s general guidance on public benefit.

Values

We were proud that our employee survey in 2022 showed that 96% of our employees know and can articulate our values. From this strong foundation we have continued to embed them throughout the patient and employee experience. We are proud to have awarded 60 employee awards from 300 plus nominations for exemplifying our values in their work, as judged by members of the leadership team, peers and patient representatives.



Operational activity

Despite the persistent challenges posed by the COVID-19 pandemic, the Hospital successfully achieved a 15% increase in outpatient and diagnostic interactions during 2022-23 compared to the previous year. This commendable growth resulted in the Hospital serving nearly 63,000 outpatients and admitting over 5,200 patients.

Throughout this challenging period the Hospital has consistently maintained its focus on future-oriented initiatives and successfully identified innovative approaches to drive its strategic objectives forward.

It is important to acknowledge that international activity within the private healthcare sector has been significantly impacted by the ongoing global health crisis. However, there is a positive outlook for the upcoming year with a projected increase of 25% in international activity. This anticipated growth is expected to bring the sector back to the pre-pandemic levels witnessed in 2019.

Clinical highlights

Over the past 12 months, the Hospital has successfully expanded its range of medical services by introducing various cutting-edge treatments. As mentioned in the Chairman's statement, noteworthy advancements include the implementation of Lithotripsy and the adoption of holmium laser enucleation of the prostate (HoLEP). The Hospital's strategic investments in the SPY portable handheld imaging technology (SPY- PHI) has facilitated procedures in gynaecological cancer surgery and reconstructive plastic surgery. It has allowed us to introduce innovative surgery in breast cancer with a programme for a lymphatic microsurgical preventive healing approach (LYMPHA), a novel surgical technique that offers a viable alternative to conventional lymph node removal methods, mitigating the risk of lymphoedema.

In January 2023, the Hospital introduced a specialised Clinical Psychology service aimed at providing comprehensive support to patients. In addition, the Clinical Psychologist actively collaborates with our Clinical Nurse Specialist (CNS) team, facilitating the development and implementation of a series of training sessions. These sessions are designed to equip individuals involved in intricate care pathways with the necessary skills and knowledge to effectively navigate and manage complex cases.

Multi-disciplinary working

The MDT Peer Review Programme is now in its second year of the peer review programme in line with NHS England Cancer measures. This is a three-year project: Year 1 included a self-assessment of the measures, annual report and MDT-FIT (Feedback for Improving Teamworking). 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 includes the data set above with the addition of an internal peer review by an MDT Chair from another cancer discipline; and in Year 3 we will invite an external provider to peer-review each MDT.

The MDT is now monitoring Mismatch repair (MMR) as per the National Institute for Health and Care Excellence (NICE) recommendations. The MMR genetic profile tests for Lynch syndrome, a genetic predisposition toward colorectal or gynaecologist cancer. The audit establishes that an MMR genetic test has been performed on all eligible colorectal cancer specimens. The results are presented at the quarterly Cancer Board.

Patient engagement

The Hospital’s Patient Experience Strategy enables patients to direct us through their feedback, involvement and engagement, to provide care that is not only person-centered and clinically outstanding, but also offers a holistic approach to patient wellbeing and experience whilst in our care. The strategy is based on four key objectives which include:

- **Improve the patient experience** – The patient journey should be straight forward, professional and personable.
- **Improve patient and carer engagement** – Listen to what matters to the patients, families and carers.
- **Strengthen use of patient feedback** – Use patient and carer feedback (good and bad) meaningfully to identify opportunities for quality improvement.
- **Improve information provided to our patients** – Provide clear accessible information in different formats.

We always encourage patient participation and representation through the Patient Experience Committee (PEC), Patient Participation Group (PPG) and a number of Hospital committee meetings, which ensure that the patients’ voice forms part of all decisions regarding care and the operations of the Hospital. The PPG is attended by patient representatives who review patient information leaflets, share their insight and feedback from a patient perspective on Hospital patient experience improvement activities, and receive an overview of learning from investigated complaints and outcomes from patient surveys.

Quality improvement programme

In June 2022, the CQC undertook an unannounced inspection of the Hospital site focusing on our Surgical, Diagnostic Imaging and Outpatient services. The Hospital was pleased to retain its ‘Good’ overall CQC rating and to also achieve an ‘Outstanding’ rating for ‘well-led’ within Surgery.

Service ratings following June 2022 inspection

	Safe	Effective	Caring	Responsive	Well-led	OVERALL
Diagnostic Imaging	Good	Inspected but not rated	Good	Good	Good	Good
Surgery	Good	Good	Good	Good	Outstanding	Good
Outpatients	Good	Inspected but not rated	Good	Good	Good	Good
OVERALL	Good	Good	Good	Good	Good	Good

The Hospital is in a positive position to continue its journey of improvement to achieve an overall ‘Outstanding’ rating at the next inspection and has completed a range of the quality improvement actions suggested within an externally commissioned ‘Quality Thinking’ audit report. The Hospital continued to develop its quality improvement culture, with staff delivering a range of local department and Hospital-wide quality improvement plans (QIPs) during 2022-23. These QIPs include:

	Quality Improvement Plans	Impact
1	MRI training video created and available on the intranet	Ensure staff have completed mandatory training to have access to the MRI area
2	Improved information for patients regarding charges for Ophthalmology procedures	Patients better informed and reduction in complaints
3	Improved induction programme for new starters	New starters better informed
4	Improve food choice on menus	Revised patient menus to include wider choice of food on one menu and direct patients to other available menus
5	Improve pain management for patients	Introduce a new pain management chart resulting in improved documentation and regular pain checks on patients
6	Reduced number of single documents in theatre to improve safety (staff found it difficult to work with multiple pieces of paper, also flagged by Quality Thinking audit)	Combined World Health Organisation (WHO) checklist into Theatre Care Plan
7	New process for recording ‘did not attend’ (DNA) patients in outpatients, leading to better safeguarding oversight	New process created where DNA patients followed up if DNA occurs twice
8	Integrated care plan (ICP) for cataract surgery combining all documents into one booklet	Simplifies the documentation and ensures all documents are available for the procedure in one place
9	ICP for long stay patients	Combines most documents for the patient pathway in one booklet
10	New patient record folders introduced	To keep all clinical documentation in an ordered folder and ensure standardised patient documentation (single use)
11	Risk assessment booklets introduced	Combine all risk assessments in one booklet, including Very Important People (VIPs) to improve compliance with completion
12	Intentional rounding re-introduced on the wards	Improved communication with patients and reduction in complaints
13	Self-pay payment capture	Imaging and breast administrative staff have been trained to raise invoices and take payment enabling patients to pay on the day – reducing complaints about charges
14	Accessibility audit	Following an audit by an external provider, a number of actions arose in order to ensure the outpatient and diagnostic facility was accessible and inclusive. This has included: frosting on the external doors, automatic sensor bins in the accessible toilets, additional hooks at various heights and a range of chairs at different levels

	Quality Improvement Plans	Impact
15	Redesign of imaging request form	Simplifying request forms into one and ensuring mandatory data fields are captured
16	Relocation of pre-operative assessment to the outpatient and diagnostic centre	Offering patients the opportunity to have walk-in bloods and screening. Improving access and patient experience
17	Promotion of healthy lifestyle	Information leaflets available within the clinics directing patients where to access information related to a healthy lifestyle
18	Installation of refuge chairs in the main Hospital stairway	To support patients with physiotherapy rehabilitation and improving patient safety

Financial position

In financial terms, 2022-23 was a challenging year in terms of trading conditions, including the additional costs of the new outpatient facility and the inflationary pressure of costs, together with high energy costs.

Staffing costs this year have also adversely impacted our financial results. Recruitment and retention of high quality clinical staff remains a challenge in part due to the new entrants in the London market, this resulted in high levels of temporary agency staff due to the level of vacancies.

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. Against the challenge of clinical staffing, the Hospital completed a thorough review of staffing levels across the business and completed two rounds of voluntary redundancies as it resized the workforce to drive efficiency and to meet the requirements of the business.

Overheads costs were severely impacted by the increase in energy prices following the start of the Ukrainian conflict.

In response to the cost challenges faced, we continued development and implementation of a cost optimisation and profit improvement programme, which is embedded in the budget plan for 2023-24. The plan includes a review of the Hospital's procurement function to drive better pricing and improved stock management. The plan also includes further reviews of staffing across the business.

Strategic developments

The Healthcare market continues to be highly competitive, particularly in Central London with new entrants and large hospital groups with an existing presence significantly increasing supply. The pace of change continues to be fast, with no signs of slowing.

Some private hospitals are continuing to offer consultants an employment model that can be viewed positively by some consultants and is designed to disrupt existing providers. It is clear

though that many consultants still value the practicing privileges model in operation at King Edward VII's Hospital and elsewhere.

New models of working, such as joint ventures, between consultants and healthcare providers are emerging as a way to further enhance the practicing privileges model. King Edward VII's Hospital is at the forefront of these developments. With a number of new leading consultants joining us throughout the year, it is clear that our model and the ethos of our Hospital continue to be an attractive proposition. Securing and retaining the highest quality consultants adds to the esteemed reputation and profile of the Hospital.

Patients are becoming far more informed and empowered when it comes to their healthcare choices as the NHS continues to face unprecedented challenges and the private healthcare sector becomes more transparent about publishing data and outcomes. The Hospital has placed renewed emphasis on making access to it as simple and easy as possible, in order to position it as the natural Hospital of choice for patients considering private healthcare. Significant additional work in this area has been planned and will be delivered in the next financial year.

The Hospital's structure, focused on four major clinical specialisms (musculoskeletal health, women's health, urology and digestive health), 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, along with our primary focus on delivering outstanding, truly patient-centred care has strongly shaped and informed our approach to consultant recruitment.

King Edward VII's Hospital is renowned for its high quality nursing care. Patients rightfully expect our nursing standards to be sector leading and we have remained committed throughout the year to maintaining nurse-to-patient ratios that can enable us to meet that expectation. We are pleased to receive consistently high patient feedback on our nursing care.

The Hospital remains committed to its ethos of consistently delivering the highest standards of personalised patient-centred care, in a safe, compassionate and truly caring environment. We continue to take forward our clinical strategy to be an elective secondary care Hospital focused on four clinical specialties, supported by a number of clinical support services.

Our Estates Redevelopment Masterplan is being further refined as we adapt to the ever changing demands of developing the estate to be a premium private healthcare facility that is able to serve our patients over the coming decades. We are extremely grateful for the ongoing support of The Thompson Family Charitable Trust and a number of other generous benefactors as we seek to raise the funds to complete this redevelopment. The Masterplan will serve to transform the entire main Hospital building, streamlining clinical operations and further improving the overall patient experience, whilst laying foundations for the Hospital to seamlessly adopt new and emerging technologies over the coming years. The Hospital launched its 'Next Chapter' fundraising appeal in April 2022 to raise the philanthropic donations required to deliver the works and fundraising efforts continue.

Our workforce is the most valuable asset we have, and our continued success depends upon it. The implementation of our integrated HR strategy focuses not only on traditional HR practices, but encompasses innovative performance and developmental tools ensuring that our people help us to achieve our vision and strategic objectives. This strategy has led to demonstrable impact across the Hospital, with staff retention and engagement both higher than in previous years.

Since the inauguration of our new outpatient and diagnostic facility in January 2022, we achieved a 15% increase in overall activity: recording 63,000 appointments during the 2022- 23 period. Additionally, as part of our strategic efforts to streamline outpatient services, we have centralised pre-operative assessment within the facility. This consolidation has further optimised delivery of outpatient care. Moreover, the Hospital has taken significant strides in expanding its service portfolio by commissioning a cutting-edge ophthalmic laser and acquiring state-of-the-art mole mapping equipment. These additions underscore our commitment to staying at the forefront of medical advancements while delivering exceptional care to our patients.

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 as we aim to create a Hospital that will be fit for purpose for the coming decades. The programme includes multiple phases to ensure the Hospital functions safely throughout the entire range of works.

We are currently in the process of upgrading the Hospital's electrical engineering infrastructure, which is essential to our future plans, including refurbishment of the patient bedrooms and nursing areas across all three floors, with upgrades to the Wi-Fi and CCTV systems.

The next stage of the phased plan will include replacing the old theatre air handling systems on the roof, including separating the air handling unit for theatre and recovery. In due course the entire roof will be replaced and a new heating and cooling strategy implemented, which will utilise air source heat pumps on the roof. This will provide networked and efficient heating and cooling for patient bedrooms and ultimately all clinical and support areas. The new system completely removes the need for burning of oil or gas on site and is therefore leading the way in sustainable energy for hospitals.

Marketing highlights

The Marketing team continued to build the brand reputation and awareness throughout the year, with a focus on brand-led digital campaigns and advertising. Alongside this, we enjoyed a strong year on the press desk, achieving national pick-ups in over 25 press titles, with an approximate reach of over 900 million.

During 2022-23, several significant initiatives were undertaken by the marketing team, designed to optimise our activity and ensure accurate tracking of leads and conversions, these included:

- **Website procedures:** An audit of all web procedure content was conducted focusing on updated pricing, search engine optimisation (SEO), friendly wording and code matching. New procedures were added with guidance from the Business Development team on priorities.
- **Website and form submission overhaul:** A thorough audit and update of form submissions were carried out with a focus on cleaning up specialties to streamline contact centre reporting and enhance efficiency.
- **Contact centre support:** The marketing team provided support to the contact centre ensuring smooth operations and effective communication with patients during the decision-making process.
- **Tracking system overhaul:** The tracking system for Google Analytics was completely overhauled to enable dynamic phone call tracking and gather comprehensive data on engagements across the website. The team also implemented an extensive tracking overhaul, allowing for comprehensive tracking of phone calls and engagement across the website, including file downloads, click-to-email actions, Doctify (an independent healthcare and patient experience review platform) links and social referrals. Drop-off rates on uncompleted submissions were monitored to improve conversion rates.
- **Lead source gathering:** A lead source report was created to capture patient feedback on how they heard about King Edward VII's Hospital. This initiative aimed to improve marketing attribution and better understand the effectiveness of various marketing channels.
- **General Data Protection Regulation (GDPR) compliance audit:** An audit was conducted across the Customer Relationship Management (CRM) system and intranet to ensure GDPR compliance. Old users were removed and access to documents was restricted for unauthorised personnel.
- **Pay-Per-Click (PPC) campaign streamlining:** Underperforming PPC campaigns were investigated and streamlined, optimising the marketing budget and improving overall campaign performance.

Alongside the day-to-day responsibilities of supporting the communications for the Hospital, other marketing highlights for the year included:

- **Video project planning and launch:** Phase one of our Data Driven Video Content Strategy Project was completed. The team planned, filmed and edited over 165 videos, launching the first phase before May 2023. The objective of this initiative is to provide enhanced clarity and explain elements of the patient pathway. The short explainer videos feature some of our leading consultants and heads of clinical service. The videos are being rolled out across all our digital platforms and are being tracked for engagement and conversion.
- **Health hub article creation:** There was a focus on creating targeted content for the Health Hub area of the website. This is designed to provide potential patients with valuable content and drive organic traffic to the website, establishing King Edward VII's Hospital as a trusted source of healthcare information.

- **Health check packages:** During the period we collaborated with the Business Development team to create and launch 10 new Health Check packages, replacing the original Assessment packages. These have been extensively promoted and are enjoying steady numbers of bookings.
- **Diagnostic imaging campaign:** The team created diagnostic imaging packs and launched a campaign to promote these services aiming to increase awareness and referrer engagement.
- **Event support:** The marketing team provided support for specialty networking events held in October and November 2022, ensuring smooth co-ordination and effective marketing presence.
- **Consultant KMC event:** In January 2023, the team organised and participated in the Consultant KMC event and provided materials for all departments at the event, ensuring comprehensive coverage and effective communication.

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 PPC, brand awareness campaigns and social advertising.

Patients continue to report their experience with us on Doctify, and by the end of the year we had over 2,700 reviews with an overall Patient Trust Rating of 4.83/5.

One recent Doctify review read:

“It was like visiting a 5* hotel if not better. The service was immediate. All the staff were engaging, friendly, polite, professional and went above and beyond. I was extremely impressed.”

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

Our social media engagement continues to grow with overall audience numbers increasing by an average of 40% across all platforms. Our Linked-in audience grew from 7,000 to 11,000 followers with 38,000 engagements during this year alone.

HOSPITAL ACTIVITIES, PEOPLE, 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. Its critical care facilities enable the Hospital to carry out highly complex procedures and treat patients with complex needs.

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

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, we have made significant improvements as a result of our quality and efficiency programmes across the Hospital, as evidenced in our CQC report.

Our theatre utilisation for our two laminar flow theatres continues to remain consistently above 75%; our breast imaging has grown by 11%.

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.

With the opening of the Day Surgery Unit (DSU) and diagnostic outpatient units, we have been able to offer new services and expand existing ones.

Developing and recognising our people

At King Edward VII's Hospital we are as committed to prioritising the well-being of our employees as we do for patients. While we acknowledge that we are not perfect, we continuously strive to create a professional and caring environment. An overview of our efforts during 2022-23 is set out below using our seven pillars (see Figure 1) of well-being which has contributed to a 13% reduction in employee turnover:

Health (physical, safety and mental health):

- Our mental health first aiders, employee assistance programme and new private medical mental health pathway ensure proactive support for colleagues' psychological well-being.
- We foster a culture of shared knowledge and insights by providing access to expertise from our 400+ consultants, encouraging our team to prioritise their health, including subsidised diagnostics.
- We offer comprehensive health insurance plans, access to healthcare resources, free GP check-ups and physiotherapy – all to support employees' ongoing well-being.

Good work (environment, line management, autonomy, pay and reward):

- We invest in our line managers to nurture their teams with the same level of care we provide to our patients, ensuring the highest quality experience for everyone.
- Over 80% of our workforce enjoys flexible working options, giving them the autonomy to balance work and personal commitments.
- A comprehensive review of our pay and reward offers was conducted to ensure competitive compensation and attract/retain talented employees.

Living our values (values-based leadership, inclusion and diversity):

- Our Edward's Awards celebrate colleagues who exemplify our values, promoting a values-based leadership approach.
- Our commitment to diversity was recognised through winning the Independent Hospital Award, highlighting our Rainbow Pledge and plans for Pride in Care accreditation in 2023.
- We have established a wellness garden and prayer room to provide spaces that support our employees' diverse needs.

Community (employee voice, consultation, dialogue, positive relationships and teamwork):

- We value the input of our employees and act upon their feedback, as evidenced by actions taken based on results from our employee survey.
- Townhall meetings and increased opportunities for meaningful dialogue enable employees at all levels of the Hospital to share their thoughts and foster positive relationships.
- Through consultation and open dialogue, we successfully managed workforce adaptations without resorting to compulsory redundancies in 2022.

Personal growth (career development, performance management and lifelong learning):

- We have doubled the number of apprenticeships and introduced an in-house programme to support career development in healthcare.
- By leveraging virtual reality technology, we are enhancing employees' learning experiences and providing innovative training opportunities.
- Our lunch and learn, alongside our in-house training programme facilitate continuous learning and personal growth.

Good lifestyle choices (promoting healthy living and access to well-being classes):

- We encourage healthy living by offering discounted gym memberships, wellness classes and in-house complementary therapies.
- Our dedicated Head Chef and kitchen team ensures that each shift includes a balanced meal, with vegan and vegetarian options available, free of charge for all employees.
- Health initiatives, such as bowel cancer awareness and subsidised testing, further promote proactive well-being.

Financial well-being (fair pay and benefits, retirement planning and employee financial support):

- Enhanced redundancy packages were offered, accompanied by additional support for colleagues transitioning to other opportunities outside the Hospital.
- Care navigators assist employees with caring responsibilities, ensuring they receive the necessary support.
- We regularly review and provide a comprehensive benefits package, including retirement plans, health insurance, paid time off and flexible spending accounts, to promote financial security.

As we reflect on the past year, we remain committed to enhancing our employees' well-being. Their dedication drives our ongoing efforts to create an environment where everyone thrives, and we will continue to learn, adapt and improve together.

Figure 1. HR Strategy Seven Pillars



Financial well-being

Fair pay and benefits, retirement planning, and employee financial support



Good lifestyle choices

Promoting healthy living and access to well-being classes



Personal growth

Career development, performance management and lifelong learning



Health

Physical, safety and mental health



Good work

Environment, line management, autonomy, pay and reward



Living our values

Values-based leadership, inclusion and diversity



Community

Employee voice, consultation, dialogue, positive relationships, and teamwork

Clinical governance and performance

The Hospital has an embedded 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, as well as a comprehensive clinical audit program. In 2022 we commenced a project due for completion within 2023-24 to establish a Patient Safety Incident Response Framework (PSIRF), which will introduce an approach to developing and maintaining effective systems and processes for responding to patient safety incidents for the purpose of learning and improving patient safety. The framework advocates a co-ordinated and data-driven approach to patient safety incident response that prioritises compassionate engagement with those affected by patient safety incidents.

Our commitment to openness, learning and listening to staff is supported through the establishment of our two Freedom to Speak Up Guardians and five Freedom to Speak Up Champions, who provide a clear pathway for staff to speak up and raise safety concerns.

Our Quality Improvement Programme is fully established 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 receives quarterly reports from Copeland Clinical Ai (C2-Ai) that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions. C2-Ai systems help Hospitals and health systems worldwide demonstrably reduce avoidable harm, mortality and cost. The data can provide an early warning of any developing adverse trends, allowing early review and intervention if required.

We have successfully implemented Amplitude, a digital Patient Reported Outcome Measures (PROMs) platform to assess the quality of care to our patients using digital pre- and post-operative surveys. The platform has also allowed the Hospital to export PROMs data externally to the Private Healthcare Information Network (PHIN).

The Hospital has also embedded a new risk management platform called Vantage, which supports the Hospital in reporting and managing incidents, complaints, risks and actions plans. In 2023-24 the Hospital will be deploying Vantage modules to manage all clinical documentation and patient leaflets, quality improvement project management and contract monitoring.

How we fundraise

The Hospital is registered with the Fundraising Regulator and works in compliance with the Code of Fundraising Practice. All our research and marketing activities are in-line with the guidelines set out in the GDPR and the Privacy and Electronic Communications Regulations (PECR) and meet best practice standards. Our activities are audited against the Code of Fundraising Practice each May. The Hospital received no complaints in relation to its fundraising activities over the course of the year.

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.

This year we launched our 'Next Chapter' fundraising appeal to raise funding for refurbishment of the main Hospital buildings and the new fundraising brochure was distributed to 2000 Friends of the Hospital.

Our commitment to caring for Service personnel and veterans of the Armed Forces remains as strong today as it did in 1899. 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

Rated twice as outstanding by the CQC, our flagship programme, the Pain Management Programme (PMP), provides practical strategies to help veterans improve the quality of their lives alongside 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. During 2022-23:

- 7 virtual PMPs were delivered
- 76 veterans were assessed
- 47 veterans completed PMPs
- A new academic article documenting the success of the PMP will be published in 2023-24.

100% means-tested grants

The Centre for Veterans' Health means-tested grants programme provides 100% grants to uninsured Service or ex-Service Personnel (including reserves), enabling them to access the Hospital completely free of charge. Many consultants agree to undertake these procedures on a pro bono basis. During 2022-23:

- 12 grants were provided
- The largest grant was for £41,000
- £120,000 allocated by the Hospital
- £80,000 generously donated by a charitable trust

20% discount

All Service or ex-Service Personnel (including reserves) without medical insurance, are entitled to a 20% discount on their Hospital bill. This is regardless of rank or length of service. It also extends to their spouses/civil partners and includes widowers and widows. During 2022-23:

- 46 admissions related to 36 different patients
- An additional 58 individuals benefitted from 100 non-admitted interactions (consultations, diagnostics, etc.)
- The total amount contributed by the Hospital for these patients was £89,503.44

Pilot hearing loss and tinnitus service

The Hospital piloted a new consultant led pro bono telephone consultation service to support veterans with hearing loss and tinnitus. During 2022-23:

- 11 veterans were supported
- 90% found the service definitely useful
- 90% had sufficient consultation time
- 100% found the explanations easy to understand
- 100% were extremely likely or likely to recommend our consultant to other veterans

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.

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, including the Armed Forces Covenant Trust Fund and the Veterans' Foundation, as well as a number of generous donations from families and individuals.

Capital projects

During the year, the Hospital particularly benefitted from significant donations, including: £3 million from The Thompson Family Charitable Trust (with a total pledge of £12 million), and £250,000 from The Band Trust, which has enabled King Edward VII's Hospital to take forward its extensive refurbishment programme of the main Hospital.

Looking ahead

Going forward, there are two main fundraising priorities for the Hospital: fundraising for the refurbishment of the main Hospital building, and doubling the number of veterans we supported via the Centre for Veterans' Health in 2021 over the next three years.

A new fundraising strategy is being implemented 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.

We have established The Centre for Veterans' Health Advisory Board, which provides honorary leadership of the Centre for Veterans' Health 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 are 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. Our mantra has always been outstanding patient-centred care in a kind and safe environment, and this perception of ourselves is supported by recent research conducted for us by an external brand specialist consultant. The specialist interviewed staff, our consultants and patients, and the recurring themes were integrity, compassion and trust. These are firm foundations on which to establish a renewed sense of purpose, better articulating our unique proposition, as we refresh our clinical strategy this year. We want to become the trusted place to go for patients accessing private healthcare for the first time.

When we last refreshed our Hospital strategy in 2018, we took the decision to focus our efforts on four patient-centred services, each led by a Clinical Director. 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 in this way 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 sense of direction 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.

As we refresh our strategy later this year, consideration will be given to starting a new centre of excellence – primary care. There is unquestionably an unmet need for easy access to high quality general practice and we will look to expand our high quality general practice offering.

Our Estates Redevelopment Masterplan spanning several years, included the opening of the Day Surgery Unit in 2021 and the King Edward VII's Medical Centre in January 2022. During 2022-23, extensive work has taken place on plant to support redevelopment of the main Hospital site. We are grateful to The Thompson Family Charitable Trust for supporting this project, and indeed all our donors who are contributing to the redevelopment programme, including The Band Trust. Ultimately, the Masterplan will transform the main Hospital building into a clinical facility fit for the next 30 years or more.

Digital transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are continuing our digital journey: delivering excellent patient care in a safe environment through excellent digital services.

To support our ambition to be the leading private Hospital in the UK, we are investing in our IT and digital infrastructure to provide a strong platform on which to deliver digital transformation for all our patients, clinical staff and operational teams. At the time of writing this report, this programme has been stepped up following an IT security incident in early November 2023, which was promptly detected and terminated, but unfortunately resulted in the exfiltration of a small amount of data. We have accelerated a move to cloud-based technologies, which will improve security, access and performance. In the longer term, these cloud technologies will allow us to deliver operational and clinical services quickly, improving how they are delivered and ensuring how systems are updated. Cloud technologies will support business continuity, deliver consistent performance and ensure maximum uptime.

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

Patients:

- Introduction of a patient portal to facilitate:
 - patient-centred services enabling them to manage their own health;
 - personalised patient care around preferences and needs;
 - improved patient registration and data quality.
- Adoption of digital tools, such as “wearables” that provide real time data to clinicians; and
- 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 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; and
- 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 automation;
- 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; and
- 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; and
- 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; and
- 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 IT solution for King Edward VII's Hospital. In addition, the introduction of cloud technologies will support our goals to provide flexibility and agility across the Hospital's IT infrastructure. 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 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 staff.

STRUCTURE AND CORPORATE GOVERNANCE

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

Governing document: Royal Charter

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. Standing Financial Instructions alongside the Royal Charter, regulate the way in which the proceedings and business of the Hospital are conducted, ensuring high standards of corporate and personal conduct. The full complement of governance documents includes the Schedule of Reserved and Delegated Powers and Scheme of Delegated Financial Authority.

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

The Board of Trustees

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital and their responsibilities are detailed in the Scheme of Reserved and Delegated Authority. Meetings of the Board of Trustees are held quarterly and 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 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 by the Advisory Board, in line with the Hospital's Governing Document (Royal Charter) and best practice. During the process, consideration is given to their experience, the skills required, the contribution they will bring, and the Hospital's Equality and Diversity Policy. Each Trustee is provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee.

Upon election and on an annual basis, the Trustees undergo a Fit and Proper Persons Test to comply with CQC Regulation 5, Fit and Proper Persons: Directors and Charity Commission guidance, including the Finance Act 2010.

Responsibilities of the Board of Trustees

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);
- 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 (Director of Nursing), supported with advice from the Hospital's Head of Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety committee, Microbiologist, Company Secretary 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 Board Assurance Framework bi-annually and the 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 four principal risks and uncertainties identified by the Board of Trustees during the financial year 2022-23 related to: financial performance; maintaining positive patient and staff experience whilst undertaking redevelopment works; reduction in services delivered due to workforce constraints; and fundraising for the redevelopment works. For all these risks, comprehensive actions are in place.

- Although the risks will remain high in 2023-24, actions are on track in respect of financial performance, redevelopment and fundraising, and there is a high level of confidence around these.
- Patient and staff experience feature as part of the risk from redevelopment works and discussions continue to curb the disruption that may be caused to patients and staff.
- Work has continued and continues in 2023-24 to address areas of risk around recruitment and retention, training and development and workforce planning – the reduction in turnover is a key indicator of improvement.

Health and safety

Building on our strong foundation of health and safety practices, the Hospital maintains safe processes through stringent monitoring carried out by the Fire Health and Safety Committee which is striving towards excellence through shared learning and continuous re-assessment.

To maintain best practice, we have external specialist involvement in various aspects such as Fire and Water Safety. Our fire safety processes are now well established with trained staff in delegated roles throughout our sites and bi-annual fire drills to reinforce the evacuation plans. The external Fire Safety Audit (November 2022) resulted in a positive report, with few administrative and communication recommendations. We continue with improvements in Control of Substances Hazardous to Health (COSHH) management and moving and handling controls through more comprehensive risk assessment and scrutiny of existing controls. Water safety management is closely monitored by the Water Safety Group which addresses water testing results under advisement of our external Consultant Microbiologists.

An overall system audit continues annually by Quadriga Health and Safety consultants. This allows an unbiased review of our Health and Safety management system which facilitates learning, improvement and growth. This audit report has shown a marked improvement in compliance from 79% in 2021 to 94% in 2022, and progress against the action plan is reported to the Quality and Safety Committee (previously to the Property and Projects Committee). The next audit will not only give an overall estimation of performance, but aims to delve deeper into processes not previously focused on.

Governance structure

The Advisory Board

The Advisory Board meets annually and as required and is chaired by Sir Richard Sykes FRS FMedSci HonFREng, Trustee and Chairman. 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. The Hospital previously had a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health as reported in 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.

In 2022-23 we created a Centre for Veterans' Health Advisory Board to raise the profile of our veterans' work and maximise engagement. The Centre for Veterans' Health Advisory Board met once throughout the year and is chaired by the former Surgeon General of the Armed Forces, Dr Martin Bricknell (also a member of the Advisory Board) and is 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. The Committee met three times during 2022-23 and is chaired by Ms Fiona Driscoll MA, Trustee.

Finance and Investment Committee

On behalf of the Board of Trustees, the Finance and Investment Committee undertakes the thorough review of financial policy, performance issues and risks, alongside reviewing budgets and business plans. It also has responsibility for the oversight of the Hospital investment portfolio and reserves. The Committee met 12 times during 2022-23 and is chaired by Mr Paul Biddle FCA, Trustee.

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that safe and 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 provides assurance to the Board of Trustees that appropriate arrangements are in place around clinical risk, infection prevention and control, and it provides oversight of employee engagement and the Hospital's Equality and Diversity Policy. The reports to the Committee during the year included updates regarding COVID-19 and changes in controls, infection control strategy and quality accounts. The Committee acts in a positive and open manner and is a source of support and advice. The Committee met four times during 2022-23 and is chaired by Professor Dame Lesley Regan DBE, Trustee.

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. The Committee met four times during 2022-23, chaired by Sir Stuart Lipton, and in May 2023 the Committee was combined with the Finance and Investment Committee.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee makes recommendations to the Advisory Board on the process and appointments to the Board of Trustees, and recommendations to the Board of Trustees on the appointment of Advisory Board members. The Committee also makes recommendations to the Board of Trustees on the process and appointment of the Chief Executive and provides oversight on executive team recruitment and remuneration. The Committee also receives the annual gender pay gap report. The Committee met three times during 2022-23 and is chaired by Sir Richard Sykes FRS FMedSci HonFREng, Trustee and Chairman.

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 the 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 at 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 and the Hospital has made good progress in reducing energy consumption, improving segregation of waste, reducing plastic packaging and increasing the number of apprentices:

Corporate Social Responsibility (CSR)

We have a duty to our staff, patients, community, charity and the environment to ensure initiatives are in place which support the sustainability of this hospital, and that we are held to account for the delivery of those initiatives.

The key areas of our CSR focus for the Hospital going forward are; reducing our carbon footprint, supporting the well-being of our staff, continuing to drive innovation, the reduction of waste, and supporting our charitable aims.

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.

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. The Trustees and Advisory Board members do not receive a salary. In April 2023 we implemented the London Living Wage for our valued employees to ensure we can attract and retain staff in this period of high inflation and energy costs.

FINANCIAL PERFORMANCE

The outcome for the year is set out fully in the Statement of Financial Activities (page 43)

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 £5 million in 2021 with a target to increase the reserves to £10 million. However, due to the challenging operating environment, it was necessary to draw down against reserves in the year, resulting in a balance of £4.2 million at year end.

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's 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 2023 were £4.2 million (£5.9 million in 2021-22) which includes a transfer from designated reserves for Hospital redevelopment (designated reserves £8.9 million in 2021-22).

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 of a period of at least one year from the date of approval of these financial statements to provide assurance of this basis of production.

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

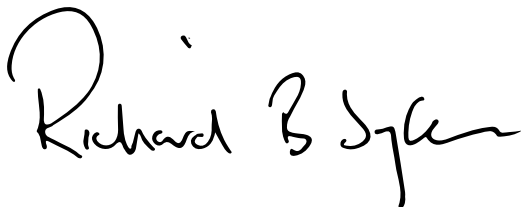
The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third party investment management firm. The investment strategy is agreed with Sarasin and the performance of the fund, its composition and the appropriateness of the investment strategy is reviewed at intervals with Sarasin by the Finance and 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 2023 was £6.0 million and it benefitted from an income of £0.2 million in the year (31 March 2022: £10.3 million with £0.3 million income).

The re-appointment of Buzzacott LLP as the Charity's auditor was agreed at the meeting of the Board of Trustees on 29 November 2023.

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

22 January 2024

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 'parent charity') and its joint venture (the 'group') for the year ended 31 March 2023 which comprise the group and parent charity statement of financial activities, balance sheets, 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 group's and of the parent charity's affairs as at 31 March 2023 and of their 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 group 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 group and parent charity'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 by the parent charity; or
- the parent charity 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 group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 and 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.

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. This description forms part of our auditor's report.

Use of our report

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

30 January 2024

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

3 | Consolidated Financial Statements

Statement of financial activities year ending 31 March 2023

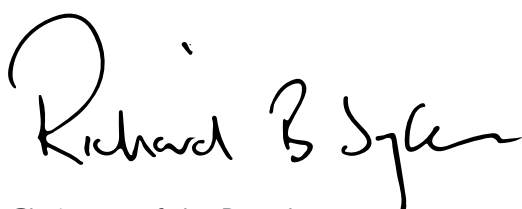
	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Income from:							
Donations and legacies	1	1,563	3,460	5,023	648	4,458	5,106
Investment income and interest receivable	2	246	-	246	309	-	309
Charitable activities							
Patient charges	3	37,589	-	37,589	34,242	-	34,242
Other income	3	1,044	-	1,044	703	-	703
Net interest in results of joint venture	2a	-	181	181	-	-	-
Total income		40,442	3,641	44,083	35,902	4,458	40,360
Expenditure on:							
Raising funds	4	(772)	-	(772)	(371)	-	(371)
Charitable activities							
Provision of patient services	5	(51,711)	(188)	(51,899)	(43,379)	(317)	(43,696)
Grants	7	-	(159)	(159)	-	(136)	(136)
Total expenditure		(52,483)	(347)	(52,830)	(43,750)	(453)	(44,203)
Net (expenditure) income before gains and losses on investments							
		(12,041)	3,294	(8,747)	(7,848)	4,005	(3,843)
Net investment (losses) gains on listed investments	11	(644)	-	(644)	402	-	402
Net (expenditure) income		(12,685)	3,294	(9,391)	(7,446)	4,005	(3,441)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	14	(250)	-	(250)	597	-	597
Transfers between funds	17	2,689	(2,689)	-	7,485	(7,485)	-
Net movement in funds		(10,246)	605	(9,641)	636	(3,480)	(2,844)
Reconciliation of funds:							
Balances at 1 April		46,584	7,210	53,794	45,948	10,690	56,638
Balances at 31 March		36,338	7,815	44,153	46,584	7,210	53,794

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 (Group) 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	10		34,360		34,267
Investments	11		6,017		10,307
Joint venture			181		-
			<u>40,558</u>		<u>44,574</u>
Current assets					
Stock		1,632		1,582	
Debtors	12	7,588		8,597	
Cash at bank and in hand		<u>3,372</u>		<u>6,289</u>	
		<u>12,592</u>		<u>16,468</u>	
Creditors: amounts falling due within one year	13		<u>(7,264)</u>		<u>(5,172)</u>
Net current assets			5,328		11,296
Creditors: amounts falling due > 1 year	13a		<u>(1,733)</u>		<u>(2,075)</u>
Total net assets excluding pension liability			44,153		53,794
Pension asset/(liability)	14		-		-
Total net assets including pension liability			<u>44,153</u>		<u>53,794</u>
The funds of the charity:					
Unrestricted funds					
Designated funds	15	-		8,932	
Fixed assets fund	16	32,167		31,735	
General funds (free reserves)		<u>4,171</u>		<u>5,917</u>	
			36,338		46,584
Restricted funds					
Capital campaign fund	17	6,565		6,324	
Other restricted funds		<u>1,250</u>		<u>886</u>	
			7,815		7,210
Total funds			<u>44,153</u>		<u>53,794</u>

Approved by the Board of Trustees on 22 January 2024 and signed on its behalf by:



Chairman of the Board

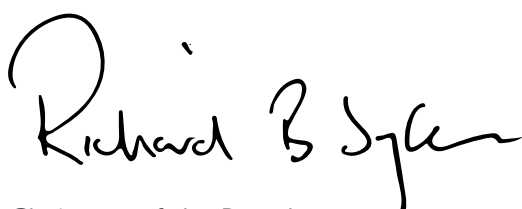


Chief Executive

Balance sheet (Charity only) 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	10		34,360		34,267
Investments	11		6,017		10,307
Investment in related parties			1,879		-
			<u>42,256</u>		<u>44,574</u>
Current assets					
Stock		1,632		1,582	
Debtors	12	7,610		8,597	
Cash at bank and in hand		3,372		6,289	
		<u>12,614</u>		<u>16,468</u>	
Creditors: amounts falling due within one year	13	<u>(9,516)</u>		<u>(5,172)</u>	
Net current assets			3,098		11,296
Creditors: amounts falling due > 1 year	13a		<u>(1,733)</u>		<u>(2,075)</u>
Total net assets excluding pension liability			43,621		53,794
Pension asset/(liability)	14		-		-
Total net assets including pension liability			<u>43,621</u>		<u>53,794</u>
The funds of the charity:					
Unrestricted funds					
Designated funds	15	-		8,932	
Fixed assets fund	16	32,167		31,735	
General funds (free reserves)		3,820		5,917	
		<u>35,987</u>		<u>46,584</u>	
Restricted funds					
Capital campaign fund	17	6,565		6,324	
Other restricted funds		1,069		886	
		<u>7,634</u>		<u>7,210</u>	
Total funds			<u>43,621</u>		<u>53,794</u>

Approved by the Board of Trustees on 22 January 2024 and signed on its behalf by:



Chairman of the Board



Chief Executive

Consolidated cashflow statement 31 March 2023

	Notes	2023 £'000	2022 £'000
Net cash (used in) provided by operating activities	A	(2,380)	974
Net cash provided by (used in) investing activities	B	192	(1,620)
(Decrease) in cash and cash equivalents		(2,188)	(646)
Cash and cash equivalents at 1 April		6,311	6,957
Cash and cash equivalents at 31 March		4,123	6,311

Notes to the statement of cash flows for the year ended 31 March 2023

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

	2023 £'000	2022 £'000
Net (expenditure) income per statement of financial activities	(9,391)	(3,441)
Adjustments:		
Investment losses (gains)	644	(402)
Defined benefit pension scheme adjustment	250	202
Depreciation charge	3,654	2,288
Investment income receivable	(246)	(309)
(Increase) in stocks	(50)	(154)
Decrease in debtors	1,009	1,094
Increase in creditors	1,750	1,696
Net cash (used in) provided by operating activities	(2,380)	974

B Net cash provided by (used in) investing activities

	2023 £'000	2022 £'000
Payments to acquire tangible fixed assets	(5,100)	(11,540)
Receipts from disposals of investments	3,900	10,451
Movement in cash held as investments	729	(102)
Movement on revaluation of investments	425	(738)
Investment income received	238	309
	192	(1,620)

C Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	3,372	6,289
Cash held by investment managers	751	22
Total	4,123	6,311

D Analysis of changes in net debt

	At 1 April £'000	Cashflows £'000	Finance leases £'000	At 31 March £'000
Cash at bank	6,289	(2,917)	-	3,372
Cash held by investment managers	22	729	-	751
Finance lease obligations	(2,532)	339	-	(2,193)
Total	3,779	(1,849)	-	1,930

4 | Principal accounting policies

31 March 2023

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 2023.

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.

In the consolidated accounts, the joint venture agreement with LUS@KEVII Ltd has been accounted for using the equity method. The net gain from the joint venture is recorded in net income. On the balance sheet, the net carrying value of the investment in the joint venture is shown in investments, and as it is held primarily to further the purposes of the charity, it is treated as a component of restricted funds.

In the Charity's own accounts, a joint venture investment is included in its accounts as an investment at cost (the value of any funds transferred at the inception of the joint venture entity) less impairment (the cost model) or, if the fair value of the charity's interest can be measured reliably, the charity may opt to measure its interest at fair value.

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

Principal accounting policies 31 March 2023

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 of a period of at least one year from the date of approval of these financial statements.

Principal accounting policies 31 March 2023

There are significant pledged donations and other forms of funding to support the planned redevelopments in 2023-24, and in addition to this, the Hospital has put in place and is exploring further commercial partnership arrangements and opportunities.

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 17).

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, 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: 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 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 been transferred to the Charity.

Principal accounting policies 31 March 2023

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 2023

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's 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's 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 2023

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 2023

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Legacies	814	311	1,125
Other donations			
Individuals	425	26	451
Thompson Family Charitable Trust	-	2,814	2,814
Grant giving organisations	324	309	633
Total funds	1,563	3,460	5,023

	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
Total funds	648	4,458	5,106

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
<u>Income from listed investments:</u>			
Sarasin Charity Authorised Investment Fund	238	-	238
Bank interest	8	-	8
Total funds	246	-	246

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

Notes to the Financial Statements 31 March 2023

2a Interest in results of Joint Venture

On 18 July 2022, King Edward VII's Hospital formed a new entity called LUS@KEVII Ltd, which started trading on 1 January 2023. On 1 January 2023, LUS Limited acquired 22.5% of the shares in LUS@KEVII Ltd for consideration of £546,000. The remaining 77.5% of the shares in LUS@KEVII Ltd are held by the Charity.

The results for the Hospital's share of this venture is summarised in the table below.

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Turnover	-	1,383	1,383
Admin expenses	-	(1,202)	(1,202)
Retained profit for the year	-	181	181
Net assets b/f	-	-	-
Net assets c/f	-	181	181
Being:			
Fixed Assets	-	-	-
Current assets	-	288	288
Current liabilities	-	(107)	(107)
Net assets	-	181	181

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Patient charges	37,589	-	37,589
Other income	1,044	-	1,044
Total funds	38,633	-	38,633

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Patient charges	34,242	-	34,242
Other income	703	-	703
Total funds	34,945	-	34,945

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to ex-service and serving military personnel or veterans in line with the Hospital's charitable objective. The benefit to this group of patients amounted to £96,389 for 63 patients (2022: £82,878 for 69 patients)

Other income includes consultant room revenue of £964,000 (2022: £619,000). For 2023, there was no income for rental of staff accommodation (2022: £75,000).

Notes to the Financial Statements 31 March 2023

4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Staff costs (note 6)	287	-	287
Other direct costs	324	-	324
Investment management fee rebate	(16)	-	(16)
Total direct costs	595	-	595
Allocated indirect costs (note 5)	177	-	177
Total funds	772	-	772

	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)
Total direct costs	259	-	259
Allocated indirect costs (note 5)	112	-	112
Total funds	371	-	371

Notes to the Financial Statements 31 March 2023

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 2023 £'000
Surgical and pharmaceutical supplies	14,764	-	14,764
Provisions and domestic supplies	929	-	929
Staff costs (note 6)	17,291	-	17,291
Agency staff	2,681	-	2,681
Repairs, renewals and maintenance	2,210	-	2,210
Accommodation and administration expenses	10,545	-	10,545
Pain Management Programme	-	188	188
Depreciation and amortisation	3,659	-	3,659
Corporation tax - Joint Venture	59	-	59
	52,138	188	52,326
Costs allocated to raising funds (note 4)	(177)	-	(177)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(250)	-	(250)
Total funds	51,711	188	51,899

	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
	43,693	317	44,010
Costs allocated to raising funds (note 4)	(112)	-	(112)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(202)	-	(202)
Total funds	43,379	317	43,696

Restricted fund depreciation represents depreciation on assets financed by specific donations. Included within administration expenses is the auditor's remuneration of £41,850 (2022: £40,000) in respect of the audit of the statutory financial statements and fees payable to the auditor for other services, including the audit of the pension scheme £8,900 (2022: £8,550).

Notes to the Financial Statements 31 March 2023

6 Staff costs

	2023 £'000	2022 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	15,217	13,333
Social security costs	1,637	1,410
Pension costs – defined benefit scheme (note 14)	256	263
Pension costs – group personal pension plans (note 14)	255	221
Pension costs – defined contribution pension plan (note 14)	213	178
	17,578	15,405
These costs are allocated as follows:		
Provision of patient services (note 5)	17,291	15,203
Expenditure on raising funds (note 4)	287	202
	17,578	15,405

Salary costs include restructuring costs of £202,494 in respect of 12 people (2022: £37,297, 5 people). Salary costs include a holiday pay accrual of £50,523 (2022: £57,817) which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2023 No. of staff	2022 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	189	179
Service support	127	122
Administration	83	72
	399	373

	2023 No. of staff	2022 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	15	11
£70,001 - £80,000	7	6
£80,001 - £90,000	8	4
£90,000 - £100,000	1	-
£100,001 - £110,000	2	2
£110,001 - £120,000	3	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£150,001 - £180,000	1	-
£180,001 - £190,000	-	1
	38	25

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

Notes to the Financial Statements 31 March 2023

6 Staff costs (continued)

The key management personnel of the Charity 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, 9 and 10 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 £1,232,780 (2022: £1,290,200).

7 Grants payable

	2023 £'000	2022 £'000
Outstanding commitments at 1 April	9	23
Awarded during the year	159	122
Paid during the year	(159)	(136)
Outstanding commitments at 31 March	<u>9</u>	<u>9</u>

Grants paid during the year of £159,028 (2022: £136,271) represent amounts paid to ex-Service and serving military personnel or veterans, inpatients and 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 by 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 (2022: £5 million) and the total premium paid in respect of such insurance was £11,200 (2022: £11,200).

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 joint venture subsidiary LUS@KEVII is subject to corporation tax on profits and the charge levied for 2022-23 is £59,000.

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.

Notes to the Financial Statements 31 March 2023

9 Taxation (continued)

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.

10 Tangible fixed assets

Group	Assets under construction	Long leasehold buildings	Equipment, fixtures and fittings	2023 Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 April 2022	2,525	28,725	29,971	61,221
Additions during the year	3,107	-	1,993	5,100
Transfers	(67)	-	67	-
Insurance reimbursement and adjustments to accruals	-	(290)	(39)	(329)
Disposals	-	-	(6)	(6)
Capital write-offs	(1,018)	-	-	(1,018)
As at 31 March 2023	4,547	28,435	31,986	64,968
Accumulated depreciation				
As at 1 April 2022	-	12,231	14,723	26,954
Charge for the year	-	849	2,805	3,654
On disposals	-	-	-	-
As at 31 March 2023	-	13,080	17,528	30,608
Net book values				
As at 31 March 2023	4,547	15,355	14,458	34,360
As at 31 March 2022	2,525	16,494	15,248	34,267

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 2023, the net book value of the Hospital's long leasehold properties was £8.91 million. 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 £82.35 million. 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.

Notes to the Financial Statements 31 March 2023

11 Investments

Group	Total 2023 £'000	Total 2022 £'000
Balance as at 1 April	10,307	20,019
Income earned (Note 2)	238	309
Realised gains in year	1,380	1,142
Unrealised (losses) in year	(2,024)	(739)
Investment management fee rebate (Note 4)	16	27
Cash withdrawals	(3,900)	(10,451)
Balance as at 31 March	6,017	10,307

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

Listed investments held at 31 March 2023 comprised the following:

	2023 £'000	2022 £'000
Charity authorised investment funds	4,728	9,932
Diversified money market fund	538	353
	5,266	10,285
Cash held for reinvestment	751	22
Total funds	6,017	10,307

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

At 31 March 2023, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Book cost £'000	Market value £'000	Percentage of total portfolio 2023 %
Sarasin Endowments Fund Class A Inc (Long-term portfolio)	3,202	4,717	78.4%
ICS-Sterling Liquidity Fund - ACC (Short-term portfolio)	1,283	1,289	21.4%
Sarasin Income and Reserves Class A Acc (Medium-term portfolio)	65	11	0.2%
	4,550	6,017	100%

	Book cost £'000	Market value £'000	Percentage of total portfolio 2022 %
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%
	6,739	10,307	100%

Notes to the Financial Statements 31 March 2023

12 Debtors

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Patient charges receivable	5,998	5,998	5,119	5,119
Accrued income	258	258	2,042	2,042
Prepayments	1,273	1,273	1,404	1,404
Other debtors	59	81	32	32
	7,588	7,610	8,597	8,597

13 Creditors: amounts falling due within one year

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Expense creditors	2,143	2,143	1,067	1,067
Accruals	3,070	3,070	2,758	2,758
Payments on account	483	483	134	134
Other creditors	1,108	563	756	756
Amounts due to related parties	-	2,797	-	-
Finance lease	460	460	457	457
	7,264	9,516	5,172	5,172

13a Creditors: amounts falling > 1 year

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Finance lease	1,733	1,733	2,075	2,075
	1,733	1,733	2,075	2,075

The finance lease relates to the purchase of the major imaging equipment in the King Edward VII's Medical Centre.

14 Pension commitments – Group

Throughout both 2023 and 2022, 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 £'000	Aviva £'000	Clerical Medical £'000
Employer contributions made in the year ended 31 March 2023	213	255	256
	%	%	%
Employer minimum contribution	3.0	5.0	26.4
Employee minimum contribution	4.5	3.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee members of scheme as at 31 March 2023	191	68	5

Notes to the Financial Statements 31 March 2023

14 Pension commitments – Group *(continued)*

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable for all schemes during the prior period were £213,000.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £255,000.

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 £7.1 million 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 3 years 8 months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

The normal contributions for the year to 31 March 2023 were £256,000 (2022: £263,000). The contributions made by the employer in the period to 31 March 2023 were at the rate of 26.4% (2022: 29.6%) 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.

Notes to the Financial Statements 31 March 2023

14 Pension commitments – Group (continued)

Defined benefit pension scheme (continued)

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2023 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:

	2023	2022
	£'000	£'000
Fair value of scheme assets	16,528	18,973
Present value of scheme liabilities	(14,479)	(18,597)
Surplus in the scheme	2,049	376
Net pension asset	2,049	376

Under FRS 102, the net pension asset is capped at nil value on the balance sheet as any surplus disclosed may not be recoverable.

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

	Assets	Proportion	Assets	Proportion
	at 31	at 31	at 31	at 31
	March	March	March	March
	2023	2023	2022	2022
	£'000	%	£'000	%
Equities (including property)	3,396	21%	3,694	19%
Bonds	1,561	9%	1,216	6%
Insured pensions	10,850	66%	13,513	71%
Cash	721	4%	550	4%
Total	16,528	100%	18,973	100%

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

	2023	2022
	%	%
Consumer Price Inflation (CPI)	2.50%	2.90%
Salary escalations	3.50%	3.90%
Pension increases:		
RPI subject to a maximum of 4%	2.70%	3.20%
RPI subject to a maximum of 5%	3.00%	3.50%
RPI subject to a maximum of 7%	3.20%	3.80%
Discount rate (pre and post retirement)	4.90%	2.80%

Notes to the Financial Statements 31 March 2023

14 Pension commitments – Group (continued)

Defined benefit pension scheme (continued)

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2023 by the Hospital Pension Fund Managers, Mercers.

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

	At 31 March 2023 Years	At 31 March 2022 Years
For a male aged 65 now	22.1	22.0
At 65 for a male member aged 45 now	23.8	23.7
For a female aged 65 now	24.1	24.0
At 65 for a female member aged 45 now	25.9	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.

	2023 £'000	2022 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	28	31
Operating charge	28	31
Analysis of net return on pension scheme		
Interest income on pension scheme assets	523	385
Interest cost on scheme liabilities	(510)	(399)
Net finance income (charge)	13	(14)
Other recognised gains and losses		
Asset return less interest income	(2,409)	(357)
Experience (losses)/gains on benefit obligations	(813)	203
Effect of assumptions changes on benefit obligation	4,645	1,127
Actuarial gains	1,423	973
Reconciliation of actuarial gain on defined benefit pension scheme		
Actuarial gain	1,423	973
Net defined benefit liability (asset)	(1,673)	(376)
Actuarial (losses) gains on defined benefit pension scheme per SOFA	(250)	597

Notes to the Financial Statements 31 March 2023

14 Pension commitments – Group (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):

	2023 £'000	2022 £'000
Surplus (deficit) in scheme at 1 April	376	(799)
Movement in period:		
Current service cost	(28)	(31)
Contributions	265	247
Net finance income (charge)	13	(14)
Actuarial gains	1,423	973
Surplus in scheme at 31 March	2,049	376

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

	2023 £'000	2022 £'000
Scheme liabilities at 1 April	18,597	20,378
Interest cost	510	399
Current service cost	28	31
Contributions by plan participants	10	10
Actuarial (gain)	(3,832)	(1,330)
Benefits paid	(834)	(891)
Scheme liabilities at 31 March	14,479	18,597

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

	2023 £'000	2022 £'000
Fair value of scheme assets at 1 April	18,973	19,579
Interest income	523	385
Asset (losses)	(2,409)	(357)
Contributions by employer	265	247
Contributions by plan participants	10	10
Benefits paid	(834)	(891)
Fair value of plan assets at 31 March	16,528	18,973

Notes to the Financial Statements 31 March 2023

15 Designated funds

The income funds of the charity included a designated fund which had been set aside out of unrestricted funds by the Trustees for the Hospital development project. At 31 March 2023, the designated funds have been transferred to general funds (2022: £8,932,000).

16 Fixed assets fund

Group	As at 1 April 2022 £'000	Movement in year £'000	As at 31 March 2023 £'000
Fixed asset fund	31,735	432	32,167

Group	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

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

Group	As at 1 April 2022 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2023 £'000
120th Anniversary Appeal fund	6,324	-	-	-	(6,324)	-
Capital Campaign fund	(184)	3,114	-	(2,689)	6,324	6,565
Next Chapter Appeal fund	-	11	-	-	-	11
Freemasons fund	8	-	-	-	-	8
Joint Venture fund	-	181	-	-	-	181
Sister Agnes Benevolent fund	389	335	(347)	-	-	377
Alexander Michael Levy fund	673	-	-	-	-	673
	7,210	3,641	(347)	(2,689)	-	7,815

Charity only	As at 1 April 2022 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2023 £'000
120th Anniversary Appeal fund	6,324	-	-	-	(6,324)	-
Capital Campaign fund	(184)	3,114	-	(2,689)	6,324	6,565
Next Chapter Appeal fund	-	11	-	-	-	11
Freemasons fund	8	-	-	-	-	8
Sister Agnes Benevolent fund	389	335	(347)	-	-	377
Alexander Michael Levy fund	673	-	-	-	-	673
	7,210	3,460	(347)	(2,689)	-	7,634

Notes to the Financial Statements 31 March 2023

17 Restricted funds (continued)

Group	As at 1 April 2021	Income	Expenditure	Capital expenditure	Transfers	As at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'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

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's Medical Centre and diagnostic facilities. The balance of funds have been transferred to The Capital Campaign Fund, which supports the Capital Redevelopment Fund, which is the main fundraising appeal for the next four financial years.

The Joint Venture is a restricted fund relating to profit from the formation of a subsidiary with London Urology Specialists Ltd to form LUS@KEVII Ltd.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to ex-Service and serving military personnel or veteran patients to assist with payment of Hospital fees, and fund go towards the delivery of the Pain Management Programme.

The Charity of Alexander Michael Levy's constitution was amended in 2017. It extended the charity's objects and removed 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 2023. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2022 and at 31 March 2023, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2022-23.

Notes to the Financial Statements 31 March 2023

18 Analysis of net assets between funds

Group	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,360	-	34,360
Investments	-	-	-	-	6,017	6,017
Joint venture	-	-	-	-	181	181
Net current assets	4,171	-	-	(460)	1,617	5,328
Long term lease liability	-	-	-	(1,733)	-	(1,733)
	4,171	-	-	32,167	7,815	44,153

Charity only	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,360	-	34,360
Investments	-	-	-	-	6,017	6,017
Investment in related parties	1,879	-	-	-	-	1,879
Net current assets	1,941	-	-	(460)	1,617	3,098
Long term lease liability	-	-	-	(1,733)	-	(1,733)
	3,820	-	-	32,167	7,634	43,621

Group	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	-	-	-	-	-	-
	5,917	8,932	-	31,735	7,210	53,794

19 Lease commitments

The Hospital's properties excluding the 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 2023 under the terms of the various leases for the five year period up to the next rent review is £3,019,000 (2022 – £4,529,000).

The 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 5 years. At 31 March 2023, the hospital has no commitments for future operating lease rental payments (2022 – £167,000).

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 £118,328 for this service and other IT contractors in 2022/23 (2022: £41,500). There were no other related party transactions.

6 | Glossary of Abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
CCTV	Video surveillance
CNS	Clinical Nurse Specialist
COSHH	Control of Substances Hazardous to Health
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
CVH	Centre for Veterans' Health
DNA	Did Not Attend
DSU	Day Surgery Unit
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GDPR	General Data Protection Regulation
GP	General Practitioner
HOLEP	Holmium Laser Enucleation of the Prostate
HR	Human Resources
HIFU	High Intensity Focused Ultrasound
ICP	Integrated Care Plan
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
LYMPHA	Lymphatic Microsurgical Preventive Healing Approach
MDT	Multi-Disciplinary Team
MDT-FIT	MDT Feedback for Improving Teamworking
MMR	Monitoring Mismatch Repair
MRI	Magnetic Resonance Imaging
NHS	National Health Service
NICE	National Institute for Health and Care Excellence

OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PEC	Patient Experience Committee
PECR	Privacy and Electronic Communications Regulations
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
PPG	Patient Participation Group
PROMs	Patient Reported Outcome Measures
PSIRF	Patient Safety Incident Response Framework
QEP	Quality, Efficiency, Productivity
QIP	Quality Improvement Programme
QR	Quick Response
SEO	Search Engine Optimisation
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SPY-PHI	SPY Portable Handheld Imaging technology
SQL	Structured Query Language
UKHSA	UK Health Security Agency
VIPs	Very Important People
WHO	World Health Organisation
Wi-Fi	Wireless Network



KING EDWARD VII's
HOSPITAL

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