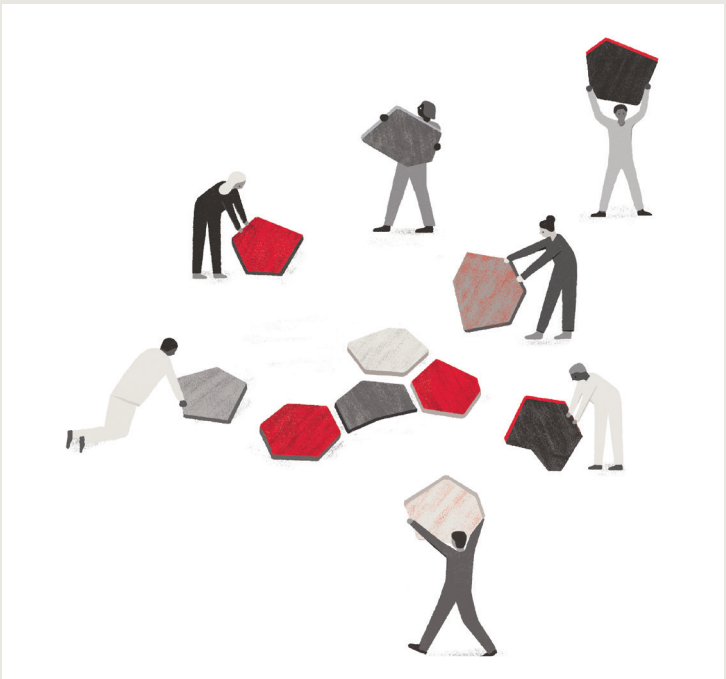
Annual report and financial statements

For the year ended 31 December 2017

2017



The Health Foundation

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Introduction from the Chief Executive and Chair

The Health Foundation has a broad mission – to improve health and health care for people living in the UK. As an independent foundation we are in the privileged position of being able to step back and try to understand why problems exist and what might help to solve them in the short, medium and longer term. We aspire to create a virtuous circle, using what we know works on the ground to inform effective policymaking and vice versa.

2017 was the third year of our strategic plan for 2015–18. We built on the lessons and insights from our work in previous years and continued to work towards our two main strategic objectives:

- to improve health care delivery
- a healthier UK population.

We believe good health and health care are key to a flourishing society. Through sharing what we learn, collaborating with others and building people's skills and knowledge, we aim to contribute to a healthier population, supported by high quality health care that can be equitably accessed. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

Major successes in 2017

Over 2017, we've made good progress in supporting the front line to improve service delivery through to influencing national policy.

For example, we funded 21 projects that are helping front-line clinical teams in the NHS to test innovative approaches to improve health care services and 16 projects that are enabling teams scale and spread their successful improvement programmes. There are some impressive initial results.

We also published analyses on some key areas of policy. In the first quarter of the year, we published a report on the social care funding gap, and continued our annual series examining the financial pressures facing the NHS. *Rising pressure: the NHS workforce challenge* (jointly authored with Professor Jim Buchan), examined two of the most important issues in workforce policy today that pose risks to the ability of the NHS to sustain high quality care: staffing numbers and standards and the future of NHS pay policy.

To inform public debate, we published briefings on NHS and social care funding and workforce ahead of the 2017 general election, as well as a briefing on the state of NHS and adult social care (in partnership with The King's Fund and the Nuffield Trust) ahead of the Autumn Budget.

These reports and briefings were well received by our stakeholders, contributing to 2017 being the Health Foundation's most successful year ever for media coverage.

Our two most downloaded publications of 2017 came in the final quarter. Firstly, *Rising pressure: the NHS workforce challenge* examined the changes in the NHS workforce, focusing on how the new system of funding nurse training was operating and trends in the stability of the NHS workforce. Secondly, *Some assembly required: implementing new models of care* drew on the experiences of those leading the vanguard sites of the new care

models programme in England, and set out 10 lessons for those seeking to make improvements systematically across local health and care services.

In 2017 we launched a new fellowship programme ‘Sciana’, for outstanding health care leaders in the UK, Germany and Switzerland. This programme is jointly funded by the Health Foundation, Bosch Stiftung (Germany) and Careum Stiftung (Switzerland) and enables 18 leaders per cohort to study key trends in health and health care and find joint solutions to the challenges.

Improving health care delivery

We made some significant long-term investments to help bring about better health care.

In March 2017, we made our largest ever award of £42 million to set up The Healthcare Improvement Studies (THIS) Institute at the University of Cambridge, with the aim of strengthening the evidence base about what works to improve health care.

In 2017 we continued developing and growing the Q community. Q has rapidly been established as the UK’s umbrella network for people with improvement expertise in the health and care system, and membership has now grown to 2,152 members. This year we also launched the Q Improvement Lab, which brings people together from across the UK to make progress on complex challenges in health and care. Their first pilot project – on peer support – has yielded some great insights, with funding secured for a second project in 2018.

The Improvement Analytics Unit, our innovative partnership with NHS England to provide rapid evaluation of new service models in England, published its first two reports. These helped inform decision making at both a local and national level within the NHS.

Our in-house data analytics team published a number of innovative and high-quality research projects in peer reviewed journals on various aspects of health, including the importance of continuity of care in general practice for older people in reducing the risk of admission.

During 2017, we also planted the seeds for many of the initiatives that will get underway in 2018, and we look forward to seeing these bear fruit in years to come.

A healthier UK

During 2017, we published and began to implement our strategy to bring about better health for people in the UK.

This programme of work seeks to increase understanding of the social determinants of health. The greatest influences on our health and wellbeing are factors such as our education and employment opportunities; our housing; our social networks; where we live and the extent it facilitates exercise, a good diet and social connection.

Our series of ‘what makes us healthy?’ infographics and accompanying blogs have been very successful, proving popular with both public health audiences and those who influence our health. This series helps bring to life the social determinates of health and we expect our quick guide to the social determinants of health to be especially useful when it is published in early 2018.

Other successful 2017 activities include our work to build a better understanding of the evidence needed to improve the health of the public, which has been well received in the public health practitioner community and beyond. This year we also committed £1.5m to funding six innovative research projects on the social and economic value of health. We also committed £3m to the UK Prevention Research Partnership – an initiative with multiple funding partners including the Medial Research Council to boost research into the wider determinants of health.

2018 will see us continue our efforts to move the conversation towards health as an asset, rather than ill health as a burden. We also look forward to sharing the first outputs from our inquiry into young people's future health prospects in 2018.

Our achievements in 2017 are due to the hard work and commitment of staff, governors and partners and we look forward to making more progress in 2018.

Jennifer Dixon (Chief Executive) and Sir Hugh Taylor (Chair)
The Health Foundation

Legal and administrative information

Governors	Sir Hugh Taylor (Appointed: 13 April 2017) Sir Alan Langlands (Stepped down: 22 November 2017) Sir David Dalton Murray Easton (Resigned: 2 February 2017) Martyn Hole Ruth Hussey (Appointed: 9 February 2018) Bridget McIntyre Andrew Morris (Stepped down: 7 July 2017) Sharmila Nebhrajani (Appointed: 9 February 2018) Melloney Poole David Zahn Branwen Jeffreys Rosalind Smyth Eric Gregory (Appointed: 13 April 2017) Loraine Hawkins (Appointed: 13 April 2017)
Charity number	286967
Company number	1714937
Registered office	90 Long Acre London WC2E 9RA
External Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Bankers	Royal Bank of Scotland London City Commercial Centre Level 7, 280 Bishopsgate LONDON EC2M 4RB
Solicitors	Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL Bates, Wells & Braithwaite LLP 10 Queen Street Place London EC4R 1BE
Investment Fund Managers	See pages 70–72

Custodian and Performance Measurement	Northern Trust 50 Bank Street Canary Wharf London E14 5NT
Investment Advisers	Cambridge Associates Limited 80 Victoria Street, London SW1E 5JL

Governors' report

Strategic report

The governors of the Health Foundation present their annual report for the year ended 31 December 2017 under the Charities Act 2011, incorporating the strategic and Trustees' reports under the Companies Act 2006, together with the audited financial statements for the year.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Foundation's Articles of Association, the Companies Act 2006 and '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) (effective 1 January 2015)'.

Vision and objectives of the Health Foundation

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK.

Our aim is a healthier population, supported by high quality health care that can be equitably accessed. We learn what works to make people's lives healthier and improve the health care system. From giving grants to those working at the front line to carrying out research and policy analysis, we shine a light on how to make successful change happen.

We make links between the knowledge we gain from working with those delivering health and health care and our research and analysis. Our aspiration is to create a virtuous circle, using what we know works on the ground to inform effective policymaking and vice versa.

We believe good health and health care are key to a flourishing society. Through sharing what we learn, collaborating with others and building people's skills and knowledge, we aim to make a difference and contribute to a healthier population.

The objects for which the Foundation is established are the advancement of health, including public health, well-being and the delivery of health and social care and any other objects and purposes which are exclusively charitable according to the laws of England and Wales, in particular (without limitation) by: promoting projects to improve health and research into health utilising and making available the useful results.

The Health Foundation's operational plans are set in the context of its charitable objects and financial resources. The plans are developed to maximise outcomes and impact as the governors are mindful of the Charity Commission's guidance on public benefit.

Activities and achievements in 2017

During 2017, we focused on ways to bring about better health and health care for people living in the UK. We awarded grants to improve health care, carried out research and analysis, invested in long-term change initiatives and enabled collaboration through our networks.

We built on the lessons and insights from our work in previous years and continued to work towards our two main strategic objectives:

- to improve health care delivery
- a healthier UK population.

Here we report on a selection of our activities and achievements during 2017. We have structured this report around the two strategic objectives above. Most of our spending in 2017 was on improving health care delivery, which the financial statements reflect.

Improving health care delivery

Supporting improvement: awarding grants for improving health care

In 2017, we made awards to 21 teams in the sixth round of our Innovating for Improvement programme, which provides teams with small-scale grants over 15 months to test innovative approaches to improving health care. This round of projects focused on innovative uses of data, including through novel use of data sources, presentation or analysis.

For example, Liverpool CCG is linking local Citizen's Advice Bureau data with primary care data to better address the social and economic needs of patients with long-term conditions. To support the teams with coaching and technical support, we are working with Haelo, a NHS improvement science centre.

We have now funded more than 120 projects through our Innovating for Improvement programme, many of which have gone on to receive significant national attention. For example, the team at St George's University Hospitals NHS Foundation Trust, who developed a mobile app to support home monitoring of hypertension in pregnancy, recently won a *Health Service Journal* Award for using technology to improve efficiency. They have also been selected for the 2017 NHS Innovation Accelerator programme.

Through the year, we continued to provide grants focused on supporting the spread and scale of improvement across the health and care system. Through our Spreading Improvement programme we funded nine teams from previous programmes to maximise the uptake and impact of their work.

We also funded seven projects as part of the third round of our Scaling Up programme, which supports teams to scale successful ideas regionally or nationally. Teams from the second round of Scaling Up also continued to progress with implementation throughout the year, with some receiving national recognition and going on to inform national policy and guidelines. For example, the FREED team from South London and Maudsley NHS Foundation Trust, who are implementing an early intervention service for people young people with eating disorders, received the *BMJ* Award for Mental Health Team of the Year 2017. NEPTUNE, which aims to improve the detection, assessment and management of harms associated with the use of club drugs, has been included in the Home Office's UK Drug Strategy as well in Department of Health guidelines on the clinical management of drug misuse and dependence.

In 2017, we also launched a new programme exploring whether social franchising and licensing techniques can be used to scale interventions successfully in health and care. Spring Impact, a specialist not-for-profit consultancy, will work with four selected teams to build and pilot social franchises alongside an evaluation partner. The selected projects cover a variety of areas: for example, IRIS, which will scale a programme that helps GPs identify

and refer people who are experiencing domestic violence and abuse; and PROMPT, which will scale up a multi-professional maternity training package.

Supporting improvement: catalysing longer term change through our investments

In March 2017, we made our largest ever award of £40 million to set up an improvement research institute, with the aim of strengthening the evidence base about what works to improve health care. The Healthcare Improvement Studies (THIS) Institute is hosted at the University of Cambridge and led by Professor Mary Dixon-Woods, and launched officially in January 2018.

The Health Foundation's ten-year investment in THIS Institute is part of our long-term aim to develop an ecosystem which supports better health and health care in the UK. The first of its kind in Europe, the Institute will work with the wider research and improvement communities to identify, design and test improvements and help strengthen understanding not only of which interventions work, but in which contexts and why.

In 2017 we committed £1.75m to our Insight research programme, for research that advances the development and use of data from national clinical audits and patient registries as a mechanism for improving health care quality in the UK. Funded projects are already yielding interesting results, from the novel use of artificial intelligence (AI) to detect and interpret variations in care, through to linking national datasets and routinely collecting electronic patient reported outcomes.

In 2016, we established the Improvement Analytics Unit, an innovative partnership between NHS England and the Health Foundation, to provide rapid feedback on whether progress is being made by local health care projects in England to improve care and efficiency.

During 2017, the Improvement Analytics Unit published its first two briefing reports, *The impact of providing enhanced support for care home residents in Rushcliffe* and *The impact of redesigning urgent and emergency care in Northumberland*. Work also began on a further six evaluations of change initiatives made under NHS England's New Care Model programme. These studies include:

- an evaluation of changes to care delivery for care home residents in Sutton and Wakefield
- the introduction of integrated care teams in North East Hampshire and Farnham
- the introduction of extensive care and enhanced primary care in Fylde Coast
- an integrated care transformation programme in mid-Nottinghamshire
- an additional report providing further detail on the Improvement Analytics Unit pilot study in Rushcliffe.

These projects are expected to help inform decision making at both a local and national level within the NHS in England.

In addition to our work on evaluation studies, the Improvement Analytics Unit actively engages with the National Commissioning Data Repository (NCDR) to improve data resources for wider use in the NHS. An example of this work is the development of a novel method, which is now used routinely, to identify care home residents in hospital data. This new data resource can provide new insights in how residents of nursing and residential care homes use the health service, irrespective of whether they are funded by the council or privately.

Supporting improvement through the Q initiative

Over the past year, we have continued our work to deliver the Q initiative in partnership with NHS Improvement and working closely with the lead organisations for improvement in Scotland, Wales and Northern Ireland, as well as with AHSNs across England. Q has rapidly been established as the UK's umbrella network for people with improvement expertise in the health and care system and continues to attract and connect people leading improvement from across the UK to learn, share and collaborate.

Membership of Q has grown throughout 2017, with 2,152 members now part of the community. Members represent a diverse range of professional backgrounds including clinical, academic and patient/public representatives. We have worked with local partners throughout 2017 to host 14 welcome events, attended by over 800 Q members across the UK.

This year we also increased the number of opportunities for members to learn, share and connect, including through 'randomised coffee trials' with other Q members, access to the *BMJ Quality and Safety* journal, and a subscription to the Institute for Healthcare Improvement resources. We launched a programme of site visits that support members to learn about new approaches to improvement and find inspiration from the work of leading organisations. Q also continues to grow its profile, with over 6,000 Twitter followers and a new website to provide more spaces for groups to share ideas and learning. RAND Europe is carrying out an independent evaluation of Q and early findings indicate that there has been a successful transition from the co-design of an aspiration to the delivery of activities to improve the health and care system in the UK.

Supporting improvement: enabling collaboration to tackle complex challenges

In 2017, we launched the Q Improvement Lab, which brings people together from across the UK to make progress on complex challenges in health and care. The Lab works on a single challenge for 12 months, building on existing knowledge to develop an in-depth understanding of the issue, generating ideas and sharing learning.

The first project is a pilot to test this approach, which has been led by a small team at the Health Foundation. Selected in consultation with the Q community, the topic for the Lab's first project focused on peer support and how to ensure that it is available to everyone who may need it to support their long-term health and wellbeing needs. Over the past year the team has worked with a diverse group of 200 people to shape this work and surface new insights about peer support and the biggest barriers and challenges to its widescale adoption in health and care. These insights have led to the following two major areas of work. To inform how to improve access to peer support, we conducted a large-scale survey to better understand decision making around referrals in peer support. And the Health Foundation has also worked with other national charities to design an online hub that brings together existing evidence and research to capture the impact of peer support.

In November 2017, the Lab secured funding to run a second project, which will start in September 2018.

Supporting improvement: sharing learning through international networks

In 2017, we launched Sciana, a network bringing together leaders in health and health care policy from across Europe. The network is supported by a partnership between the Health Foundation, the Robert Bosch Stiftung (Germany) and the Careum Stiftung (Switzerland) in collaboration with the Salzburg Global Seminar. The programme provides leaders with the space to take inspiration and learning from across the globe, share experience with peers and work to address shared policy challenges facing countries across Europe. Each cohort

will consist of 18 members (six from each partner country), who will meet four times over the two-year period. The network also encourages members to work with each other across national boundaries to develop new projects and initiatives.

Sciana members convened for the first time in 2017 over two four-day gatherings. The first meeting focused on data and innovation, where conversations centred on the role of automation and robotics in health, and the implications of health care digitisation for person-centred care. At the second meeting, fellows discussed how health systems can better address the broader social determinants of health. In summer 2017, we also recruited and selected the 2018 cohort.

Last year we co-sponsored the Harkness Fellowship in Health Care Policy and Practice. with the Commonwealth Fund and the National Institute for Health Research. This programme provides funding to mid-career professionals from the UK to spend one year in the US to study critical issues on the health policy agenda in both the US and their home countries. We hosted an event with returning fellows to share learning from their fellowship experiences to an audience of senior leaders from health and care.

Our work on quality

QualityWatch, our joint research programme with the Nuffield Trust, continues to monitor how the quality of health and social care is changing over time, using more than 300 quality indicators. In 2017, the programme published a report focusing on *Emergency hospital care for children and young people*, an analysis of dental health outcomes (*Root causes: quality and inequality in dental health*), and a report looking at trends in local care delivery (*Community services: what do we know about quality?*).

Our work on quality: using data analytics to influence policy

Our in-house data analytics team has continued to produce insights about the quality of care from analysing health care data sets. In 2017, the *BMJ* published our analysis *Association between continuity of care in general practice and hospital admissions for ambulatory care sensitive conditions*. This found that patients who regularly saw the same GP were less likely to be admitted to hospital than other patients. The findings also received broad coverage in the national and international media, and have informed national policy on improving primary care. We also analysed the impact of clinical involvement in NHS 111 calls for children, and their subsequent attendance at emergency departments. Our findings were shared at the Royal College of Physicians' annual conference in 2017.

We also worked with a clinical commissioning group to understand the relationship between an individual patient's capability for managing their own health needs and how often they use health care services. There was substantial interest in our findings among those working to improve the care of patients with long-term conditions across the country, and our webinar was viewed by more than 300 people. We also shared our findings ahead of publication at conferences and invited talks.

We continue to pursue novel data linkages that will help expand our understanding of quality of health care. In 2017, we worked with a general practice to link its electronic health records together in such a way that patients who lived in the same household as each other were grouped together. We are now analysing this data set to understand the impact that living alone has on demand for NHS services.

Finances, efficiency and productivity: publishing our research

The Health Foundation's work on finances, efficiency and productivity seeks to support a more sustainable, high quality health and care system. Our work in this area includes

funding original research from academic economists, undertaking economic analysis within the Foundation and engaging with key opinion leaders, policy makers, parliamentarians, national bodies and the media to improve understanding and inform the debate.

In 2017, we published research and analysis, a guide to NHS finances, and a chart each month explaining new data. We also wrote regularly for journals, websites and newspapers, presented at conferences and held events – all to improve understanding of the financial and workforce challenges facing the NHS and care system.

Anita Charlesworth (Director of Research & Economics), was expert adviser to a cross party House of Lords Select Committee on the future sustainability of the NHS. The select committee published its report in April 2017.

To inform public debate we published briefings on NHS and social care funding and workforce ahead of the 2017 general election. In November, we published a briefing on the state of NHS and adult social care in partnership with The King's Fund and the Nuffield Trust as a contribution to the debate around the Chancellor's Budget on 22 November. The briefing also provided a longer-term outlook for the NHS, highlighting that the future funding required is well above current government commitments. It included updated projections for the funding gap for adult social care highlighting that recent additional money has helped, but has not solved the issue.

In early March we published a report on the social care funding gap, which analysed data from local Sustainability and Transformation Partnership plans. Continuing our annual series using NHS accounts to examine the financial pressures facing the NHS, we published *A Year of Plenty?* at the end of March 2017. The report highlighted that another year of costs rising faster than income for NHS providers meant that their financial position had further deteriorated, with 65% reporting a deficit.

We also published a briefing that used a freedom of information request to gain a better understanding of the mix of NHS and private providers offering NHS funded community care.

In April, we published *In short supply*, a report on the NHS workforce jointly authored with Professor Jim Buchan. The report examined two of the most important issues in workforce policy today that pose both immediate and long-term risks to the ability of the NHS to sustain high quality care: staffing numbers and standards and the future of NHS pay policy. It highlighted the lack of a coherent workforce strategy, which has led to serious concerns over staff numbers, particularly for nurses.

Our report on principles for NHS payment systems was published in October. It follows a programme of qualitative analysis in partnership with NHS Providers, and brings together the views from those working in NHS trusts. The report lays out eight guiding principles for a successful payment system.

At the end of October we published our report *Rising pressure on the NHS workforce challenge*. This report examined the changes in the NHS workforce focusing on how the new system of funding nurse training was operating and trends in the stability of the NHS workforce.

The Health Foundation at events and conferences

The International Forum on Quality and Safety in Healthcare was held in London in April attracting over 3,000 international delegates. We sponsored the Improvement Science Symposium, had a joint Health Foundation corporate and Q exhibition stand and we displayed A Mile in My Shoes – an immersive experience telling the stories of those working

in health and social care. 18 grant holders, alumni and Q members were involved in Forum sessions, and there were 10 poster presentations from staff, grant holders and alumni. A Health Foundation session was presented by Dominique Allwood (Assistant Director, Improvement) on the Q initiative, which attracted over 400 delegates. We also hosted a networking reception for our grant holders, Fellows, Q members and stakeholders, which was attended by approximately 70 people. Overall our presence at the International Forum was strong and successful, breaking all previous exhibition records, despite the exhibition being shortened from four days to two. We received 404 new newsletter subscribers, and distributed 9,355 publications and 4,443 pieces of merchandise. The @HealthFdn Twitter account also made the top 10 at the event (by impressions).

The Health Foundation was host partner at the International Society for Quality and Safety (ISQua) annual conference which was held in London in October. It attracted 1,500 international delegates. We had a successful presence including sponsorship, a joint Health Foundation corporate and Q exhibition stand and our A Mile in My Shoes experience. We had a significant programme presence. We ran a pre-conference day called Small to All: Meeting the Challenge of Spread and Scale-up for Quality Improvement, and over 30 staff, grant holders, alumni and Q members featured in the main programme. Jennifer Dixon chaired the opening plenary. We hosted a breakfast session featuring a range of content including Q and Q labs. We also hosted a networking reception for conference committee members, grant holders, fellows, Q members and key stakeholders at Westminster Abbey which was very well received with around 50 guests.

We also developed an online experience for A Mile in My Shoes – which enabled us to reach a further 6,800 people. Additionally, on Facebook, our content was seen over 73,000 times, and across social media it was engaged with almost 2,700 times.

A healthier UK

Wellbeing and health are important foundations of a good life for the individual and a flourishing and prosperous society.

The greatest influences on our wellbeing and health are factors such as education and employment, housing, and the extent to which community facilitates healthy habits and social connection. These are known as the social determinants of health.

Health care may contribute as little as 10% towards a population's health and wellbeing. While equipping health care systems to provide safe, timely and effective care is as important as ever, this is far from sufficient on its own to improve people's health in the UK.

During 2017, we published and began to implement our strategy Healthy lives for people in the UK to bring about better health for people in the UK.

Through our 'what makes us healthy?' series of infographics and accompanying blogs we have sought to raise understanding of the social determinants of health and to build our audience for our work in this area. The infographics have proved engaging and popular with online audiences with good engagement on Twitter and through our website. The materials will be at the core of our ongoing communications as we seek to raise our profile among individuals and organisations who can make improvements in the social determinants of health.

In 2017 we launched an open call for innovative research on the social and economic value of health in the UK, committing £1.5m to this programme. We will fund six research projects for up to three years, to build evidence and understanding about the contribution that individuals' health status makes to their social and economic outcomes. Their findings will help develop a clearer rationale to engage and motivate cross-sector action on the social determinants of health.

Our work to build a better understanding of the evidence needed to improve the health of the public led to a *Lancet* editorial by Rutter et al, entitled *The need for a complex systems model of evidence for public health*. This was followed up with a webinar to promote the conclusions to the public health practitioner community, attracting an audience of more than 600 viewers so far.

In 2017, we started our inquiry into young people's future health prospects. For young people to have a healthy future they require a place to call home, the potential for a secure and rewarding job, and supportive relationships with their friends, family and community. This inquiry aims to understand the extent to which they are moving into adulthood with these core ingredients for a healthy future.

The inquiry began by talking to 22–26 year olds to understand the factors they feel have shaped their life chances. We also commissioned an 18-month research study to gain a better understanding of the extent to which young people are able to build the foundations for a healthy life.

Throughout the year we developed our networks with organisations working on the wider determinants of health and will look for concrete areas of collaboration during 2018.

Improvement over the long term

We invest in diverse improvement programmes, ranging from small-scale innovation projects to large-scale awards enabling teams to scale up their successful interventions. Many projects begin work that continues over several years and our grant holders often tell us how much they value the support of the Health Foundation to deliver and develop their improvement work. Below are case studies from just three of the many improvement projects we funded in 2017, to give a sense of the varied activities and remarkable impact that their work is already having.

Home monitoring of hypertension in pregnancy

High blood pressure in pregnancy can pose risks for both the mother and baby. It is one of the leading causes of maternal death in the UK. Standard care pathways for women with hypertension during pregnancy usually involve frequent hospital visits, which can cause anxiety for patients and have significant cost implications.

With funding from the Health Foundation's Innovating for Improvement programme, St George's University Hospitals NHS Foundation Trust developed and piloted a new pathway and smart phone app that allows pregnant women with high blood pressure to self-monitor at home. Women on the new pathway receive automated blood pressure monitoring machines and urine dipsticks, which allow them to input their readings into the app. They also answer a set of questions to monitor symptoms and are alerted through the app if they need to attend hospital for further assessment.

83 women participated in the pilot. Results showed encouraging improvements in patient experience, with 89% of women saying they would opt for this care pathway for future pregnancies. One participant commented, 'It felt much more at ease and less stressful than trying to get to regular appointments'. The intervention was also safe and cost effective, with a 53% reduction in clinic appointments for hypertension since the start of the pilot. The project was included as an example of innovative practice in the Trust's latest Care Quality Commission report and the team won a *Health Service Journal* Award in 2017 for using technology to improve efficiency.

The project also illustrated how staff engagement is critical to successful implementation. The support of the key stakeholders enabled the team to overcome a potential challenge of expanding the use of the app beyond the day assessment unit and the hypertension clinic, where the project originated, to women who are seen at the antenatal clinic. Some clinicians in this unit had reservations about adopting a new practice that is different from existing protocols, and they were concerned about how follow up would be managed. To help build confidence, the team hosted a training session with all relevant staff to understand how the intervention could fit with existing practice, which led to a new guideline and protocol being created.

The intervention has now spread beyond the initial maternal day assessment unit and has become an embedded part of practice in the hospital. The team is planning to spread their innovation beyond their Trust, including by sharing their learning through the South West London Maternity Network. The project's clinical lead has also been selected as a fellow for the NHS National Innovation Accelerator programme.

Promoting a positive life experience for patients with COPD

Chronic obstructive pulmonary disease (COPD) is the second most common cause of NHS emergency admissions and 30,000 people die from the disease in the UK each year. Its symptoms, such as breathlessness, can lead to and amplify anxiety, low self-esteem and social isolation. These in turn lower mental wellbeing and can result in poor self-management and lack of engagement with key treatments. In a recent British Lung Foundation survey, 90% of people with COPD said they were unable to participate in socially important activities.

RIPPLE (Respiratory Innovation: Prompting Positive Life Experience), developed in Coventry with the support of a Health Foundation grant, uses a community-based clinic to reduce social isolation and anxiety for people with severe COPD. The clinic acts as a catalyst for increased community involvement by blending patient education with social activities.

The clinic is attended by a COPD nurse or GP to give advice and answer patient questions, as well as providing the setting for social activities such as bingo, quizzes and yoga. It also provides opportunities to learn effective self-management and take part in rehabilitation activities. The approach marks a shift in how COPD is treated, seeking to improve people's quality of life rather than focusing solely on their lung function.

A key aspect of the clinic is the informality of the setting. It enables health care professionals to interact with patients, build rapport and get to know people based on regular, individual interaction, giving them an understanding of a person's health needs that might be harder to develop in a more formal clinic. To date, clinics have been based in a range of non-clinical settings, ranging from a church hall to Wolverhampton Wanderers Football Club.

This integration of health and social activities is helping reduce social isolation and anxiety, and increase mental wellbeing. A patient attending the RIPPLE clinic said, 'Coming here, well, it's given me a social life I didn't have before…I feel like a fraud coming here now because I feel so good.' Others reported increases in their ability to self-manage compared to before attending the clinic.

In 2015 the team received a second award from the Health Foundation to spread the model to six further communities in the midlands. Some of these new clinics have been set up in different ways, which has provided the programme team with new insights about how the model can be successfully implemented. One such example is a clinic set up in Northamptonshire, called Breathing Space. Unlike the original RIPPLE clinic, this one is led by a GP and people do not require a referral to attend. Preliminary evidence from the 41-person pilot has been encouraging.

Giving greater choice to people approaching the end of their lives: St Gemma's Hospice's nurse-led end-of-life care beds service

While hospice care is a potential option for anyone with a terminal or life-limiting condition, the overwhelming majority of hospice referrals are for people with a cancer diagnosis. St Gemma's Hospice in Leeds wanted to widen access to its beds and enable more people approaching the end of their lives to choose to die in a hospice. With funding from the Health Foundation's Innovating for Improvement programme, they launched a pilot in May 2015 to create dedicated nurse-led end-of-life care beds. Prior to this, only patients with specialist palliative care needs were likely to meet the criteria for admission to the hospice's 32-bed, medical-consultant-led inpatient unit.

The project team had to work hard to build support for their new model among the hospice's trustees, executive team, ward staff, and medical and palliative care consultants. The leadership of an experienced and respected nurse consultant who was well known within the palliative care community helped to build confidence, as did ensuring that key colleagues across the hospice – as well as the hospice's insurers and the local coroner – were involved from the start. Similarly important for the project's success was the Leeds Care Record. Accessible to health and social care professionals in all sectors across Leeds, it allows hospital teams to make a single online referral to the hospice, and for hospice staff to arrange for patients approaching the end of their life to be transferred within hours.

By the end of pilot, 50 patients had been admitted to nurse-led beds, supported by a team of specialist nurses with training in holistic assessment, medication prescribing and care planning. The pilot proved successful in its aim of widening access to inpatient hospice care, with only 57% of admissions to nurse-led beds being cancer-related (compared to 80% of referrals to all services at St Gemma's).

It has now become a permanent service within the hospice, with plans to increase the number of nurse-led beds, including the number of nurse non-medical prescribers. By October 2017, the project had enabled more than 150 people to end their lives in the place of their choice. The project was featured as an example of excellent practice in the Care Quality Commission's 2016 inspection report, which gave the hospice an 'outstanding' rating.

Our plans for 2018

Improving health care delivery

THIS institute

In January, we launched The Healthcare Improvement Studies (THIS) Institute, to strengthen the evidence-base for improving the quality and safety of health care. Hosted by the University of Cambridge, THIS Institute is made possible by an award of £40 million over ten years – the largest single grant ever made by the Health Foundation.

Q

The Q community (our joint initiative with NHS Improvement to connect and develop people leading improvement across the UK) continues to grow in strength and numbers. To join the current 2,000 plus members, Q applications will re-open this summer. By 2020 we anticipate a community of many more thousands.

The first Q Lab project, on peer support, finishes in 2018 and we will be launching a second project later in the year. The Lab is showing promise as a way for Q members and others to make progress on complex challenges in health and care.

Improvement Analytics Unit

The Improvement Analytics Unit, run in partnership with NHS England, provides quantitative evaluation to show whether local change initiatives, implemented as part of major NHS programmes, are improving care and efficiency. The unit plans to publish several analytical reports evaluating the impact of local NHS change programmes over the course of 2018.

Spreading improvement

This year we are focusing on ways to spread successful innovations and improvement approaches. We are publishing research into the challenges of spreading complex health care interventions as well as a joint report by the Innovation Unit and Health Foundation on what it takes to scale innovation successfully in the NHS. As part of our Social Franchising and Licensing programme, we plan to share insights into whether social franchising and licensing approaches can be used to systematically and sustainably spread health and social care interventions.

Quality

In 2018, we will track and share key trends in care quality, with accompanying analysis. We will evaluate the impact of nationally-led quality improvement programmes in three disease areas over the last two decades, starting with cancer. We will also continue our innovative data analytics, which uses existing NHS and social care data sets in novel ways to produce insights about the quality of care.

NHS and social care finances and workforce analysis

We will continue our work analysing NHS and social care finances and key workforce issues through our own flagship publications as well as collaborations with other organisations. This includes conducting an independent study into the funding needs of the UK's health and care systems for the next 15 years in collaboration with the NHS Confederation and Institute for Fiscal Studies (IFS). Another partnership project with The King's Fund will explore some of the different options for funding social care.

In the spring, we will publish our annual detailed analysis of NHS finances, focusing on long-term capital investment. We'll also be working to influence and inform the recently

announced long-term funding settlement for the NHS and social care. At the end of the year we plan to release a new report on NHS workforce issues.

A healthier UK

The next generation

For young people to have a healthy future, they require a place to call home, the potential for secure and rewarding work, and supportive relationships with their friends, family and community. Continuing over 2018, our inquiry aims to discover: do young people currently have what they need for a healthy future?

The inquiry is led by Julia Unwin, former Chief Executive of the Joseph Rowntree Foundation. We will share our learning from the inquiry over 2018, leading up to it fully reporting in mid-2019.

Bringing people together

Our work to co-design a multi-stakeholder collaboration for wellbeing and health is central to exploring how we can change the conversation – from ill health as a burden, to good health as an asset – about people's health to generate more action. This collaboration will explore opportunities to work collectively to draw attention to and support action on the social determinants of health.

Prevention research

We are a core funder of a new initiative in prevention research: the UK Prevention Research Partnership (UKPRP). The first grants made by this initiative will support multidisciplinary research teams to investigate the 'upstream' determinants of health.

What makes us healthy?

We will continue our popular series of materials that explore 'what makes us healthy?' We will continue our infographic and blog series and promote our quick guide that explores the social determinants of health.

Evidence for improving the public's health

We expect our 'X Factor for evidence for the public's health' event on 6 February 2018 will be a lively debate to challenge the consensus on what evidence can be used to make decisions about public health interventions. We will be publishing a series of essays from experts from a range of disciplines including law, design, sociology, urban planning and food policy, to focus on resolving one of the most pressing public health challenges: childhood obesity.

Funding programmes and fellowships

Efficiency Research Programme

This summer our Efficiency Research programme will seek innovative research ideas into system efficiency and sustainability in health and social care. This round will focus on workforce productivity and retention. Funding of up to £500,000 will be available for three to five teams whose innovative research ideas support an increased system understanding of a sustainable workforce for health and social care in the UK.

Innovating for improvement

This year, our popular Innovating for Improvement programme will focus on innovations to improve workforce within the health service. We will fund teams to test and develop their innovative ideas to improve health care delivery in the UK. Teams with great ideas and the skills to implement and evaluate their project can apply for funding of up to £75,000.

Advancing Applied Analytics

Our Advancing Applied Analytics programme supports projects aiming to improve the quality of analysis used to bring about better health and health care services. A total of £750,000 will be available to fund up to 12 projects that can demonstrate how they will improve analytical capability.

Generation Q

In late 2018, we will be encouraging senior leaders to apply to our GenerationQ programme. GenerationQ is our part-time, fully-funded leadership and quality improvement programme for senior leaders from health care practice, policy and the charity sector. It is designed to equip Fellows with the skills and techniques to drive forward and influence improvements across services and organisations.

Harkness fellowship

To help develop the skills of UK policymakers, we are co-funding and selecting UK fellows for the Commonwealth Fund’s Harkness Fellowships, together with the National Institute for Health Research (NIHR). The fellowship invites promising mid-career professionals to spend up to 12 months in the US developing their expertise in health care policy and practice.

Sciana

Applications for the next cohort of Sciana: The Health Leaders Network will open in the summer. This international network brings together outstanding leaders in health and health care policy and innovation across Europe, supporting people with their professional development and career goals. We’ll be looking for six new UK members to join twelve other new members from Switzerland and Germany.

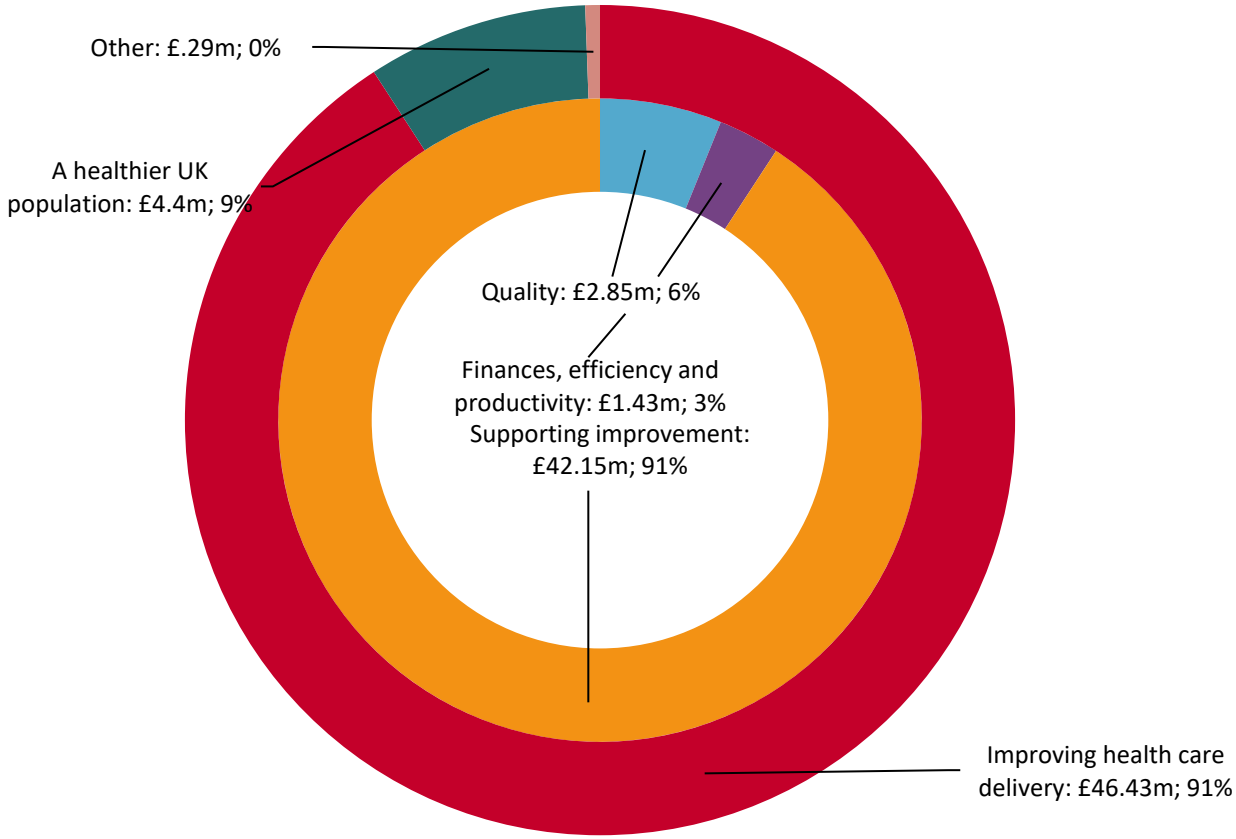
Charitable activities

Our charitable aim is to improve the health and health care of people living in the UK. By giving grants to those working at the front line and carrying out research and policy analysis, the Foundation focuses attention on how to make successful change happen; using what we know works on the ground to inform effective policymaking and vice versa.

During 2017, the Foundation spent £51.1m (2016: £32.5m) on its charitable activities, of which £46.4m (91%) was related to Improving health care delivery, one of the Foundation's key strategic priorities. Further information can be found in note 7 to the accounts. The main reason for the significant increase in expenditure for 2017 is the commitment of £19.7m for the first five years of the health care improvement studies institute (THIS Institute). Following a review of the first five years, we will fund the subsequent five years.

All expenditure is reported across our key strategic priorities; the split of expenditure for 2017 is reported in the outer rim of the graph below, the inner rim splits the expenditure for Improving health care delivery into its objectives; quality; finances, efficiency and productivity, and supporting improvement.

Figure 1: Split in charitable expenditure



Note: Improving health care delivery and supporting improvement include £19.7m funding for THIS Institute.

Restricted fund

In 2017, we received restricted income of £975k (2016: £1,025k) for Q, an initiative joint-funded with NHS Improvement. The Q initiative started in April 2015 and is continuing in 2018.

The Q initiative is part of our substantial long-term investments to incubate and support initiatives designed to build capability. This initiative will create an asset with an economic life and therefore £1,535k of expenditure related to Q is treated as an intangible asset.

Subsidiary companies

The Foundation has two subsidiary undertakings.

- **Medtrust Innovations Limited** (Medtrust) is wholly owned by the Foundation as a mission-related investment engaged in the exploitation of intellectual property rights. In March 2011, Medtrust acquired 50% of the intellectual property rights of BMJ Quality & Safety, a journal published by the BMJ Publishing Group Limited. At 31 December 2017, Medtrust had fixed assets of £526k (2016: £526k). In the year Medtrust generated an operating profit of £125k (2016: £109k).
- **The Victoria Fund LP Incorporated** (Victoria Fund) was formed in February 2010 as a vehicle to invest in a combination of hedge funds and private equity. The Health Foundation, as the limited partner, is entitled to all investment returns less a priority share by the general partner. As at 31 December 2017, the Victoria Fund had fixed assets of £231,619k (2016: £218,367k) and the value of its net assets was £248,130k (2016: £222,025k). Net profit in the year was £16,099k (2016: £16,515k).

Financial strategy and reserves

Investment policy and strategy

The Foundation has a structured investment process with the following primary features:

- **investment policy** is agreed by the board of governors; this includes investment objectives, constraints and spending rate
- **investment strategy** is delegated to the Investment Committee, including strategic and tactical asset allocation, rebalancing, styles and weighting within asset classes, and manager arrangements.

The Foundation's investment policy and strategy are intended to provide long term stability and liquidity sufficient for the financing of the Foundation's ongoing spending and to maintain the real value of the endowment.

The governors have decided that the Foundation should operate as a perpetual endowment and seek to maintain the real value of the endowment, defined as 1% above inflation. The Foundation has decided to adopt RPI+1% as a sensible proxy to fund expected inflation in costs.

The Governors' objective is to invest the Foundation's assets to maximise returns while balancing risk through a diversified asset portfolio. Within this framework, the governors have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Foundation is exposed.

The Governors' primary objectives are as follows.

- **Time horizon:** the endowment shall be invested for the long term with an investment horizon of 10 years and multiple economic and market cycles.
- **Return target:** the total return target is RPI+5% per annum (net of all investment fees and costs). The objective is to maintain the real value of the Foundation's asset (RPI+1%) and provide a 4% spendable amount.
- **Spending policy:** the governors believe that the return target is consistent with sustaining a spending rate of 4% over a trailing three-year average of endowment value.
- **Risk target:** a long run volatility range of 12–14%. The governors desire to limit the possibility of a 20% fall in endowment value over one year but acknowledge that this possibility cannot be eliminated. The probability of this event is of the order of 20% or one in five.

The main features of the Foundation's investment strategy are to:

- manage the portfolio on a total return basis
- focus on 'return-generating' asset classes, which can reasonably be expected to generate attractive real returns over the long term
- have only limited exposure to 'risk-reducing' asset classes, because of their lower expected returns
- reduce risk by diversification, but accept that seeking high returns incurs volatility
- use active managers where it is reasonable to expect that the performance benefits will outweigh the additional costs.

Our approach to responsible investment

The Health Foundation is funded by an endowment that enables us to deliver an ongoing programme of work, including making significant grants to bring about better health and health care. We manage our endowment in a way that aims to generate long term income and growth to enable us to fulfil our charitable purpose, while ensuring that our assets are managed both ethically and responsibly.

We require all our fund managers to have an environmental, social and governance policy in place and recommend they adopt at least one of the following guidelines – the UK Stewardship Code or the United Nations Principles of Responsible Investment. We also ensure that environmental, social, governance and ethical factors are a standard part of our selection process when appointing new fund managers.

We do not invest directly in tobacco stocks. We also closely monitor our investment in pooled funds and if we identify any inadvertent exposure to tobacco stocks we engage with the relevant fund manager with the aim of establishing new funds.

We strive to implement responsible investment that is most aligned to the Foundation's mission and values. The Health Foundation is a member of the Charities Responsible Investment Network, facilitated by ShareAction. We intend that this will strengthen our approach to responsible investing where we want to use our investment portfolio to encourage businesses to behave responsibly.

Expenditure policy

The investment spending policy sets out the spending formula for the Foundation. Budgets are prepared annually alongside the business plan review. The spend targets in the budgets are modelled on the spending formula, and may be adjusted to take into account the needs of the Foundation and its operational capacity. The Foundation's support and governance spend is set by reference to the total spend level to ensure it remains reasonable and proportionate.

Grant-making policy

The Foundation sets out specific entitlement criteria for each programme at its launch. These criteria vary from programme to programme and are made available on our website. Applications are assessed against these criteria and grants made taking into account funds available and the quality of applications. The period for which grants are awarded depends upon the programme but typically last between one and four years. Grants are monitored regularly and appropriate progress reports are required from recipients.

Reserves policy

The Foundation holds an Expendable Endowment fund which was created following the sale of PPP Healthcare Group (PPP) to Guardian Royal Exchange Group in 1998. It is the Foundation's policy to operate as a perpetual body and, in line with this policy, the governors seek to manage the Foundation's business, and in particular its investment returns and expenditure, so as to maintain the real value of this Expendable Endowment fund while providing the necessary income to fund the Foundation's ongoing charitable activities.

Within the above overall policy, governors are at any time able to use endowment capital to fund charity expenditure. Accordingly, governors have determined that it is not necessary for the charity to hold reserves by way of separate unrestricted funds. Capital from the endowment equal to the excess of the Foundation's expenditure over its generated unrestricted income is applied as income each year such that at the year end the unrestricted fund balance is nil.

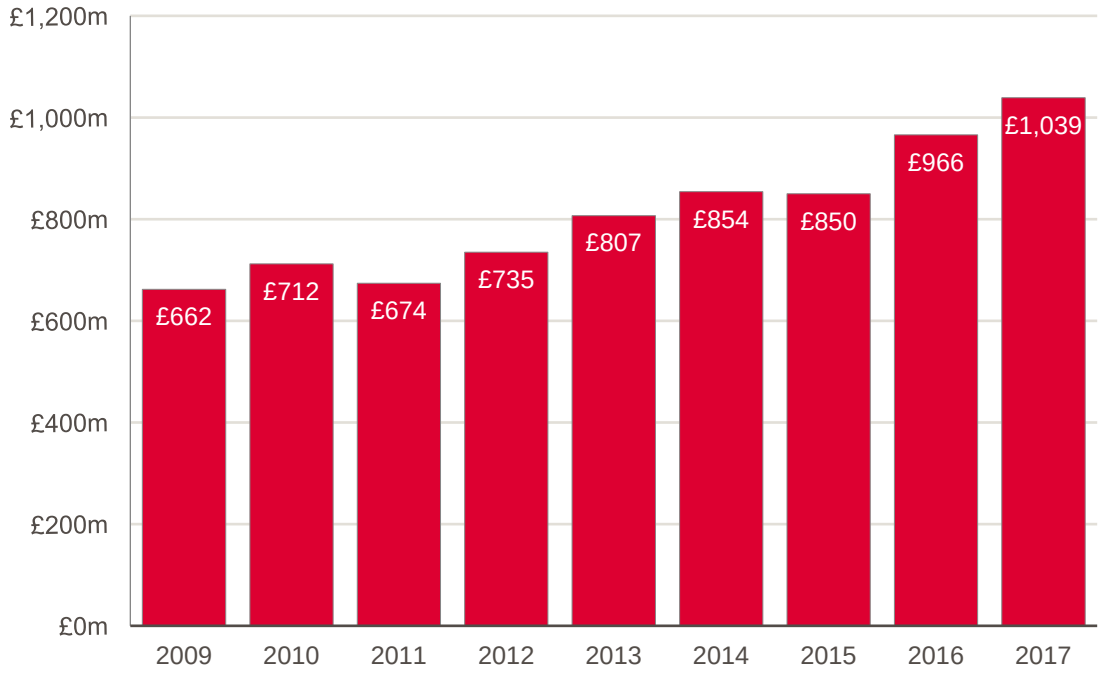
Investment returns

Our long-term goals for the management of our endowment investments are set out on pages 24–25 of this report. Based on these goals our return target is RPI+5% per annum, net of all investments fees and costs.

In 2017, the endowment fund returned a net of 11.6%, outperforming the RPI+5% target of 9.1% in that year. On a three-year annualised basis the fund returned 10.9%, exceeding the annual RPI+5% target of 7.6%. On a five-year annualised basis the fund also exceeded the return target (10.9% per annum against 7.5% per annum).

Figure 2 shows the change in the value of the investments. In 2017, the value of the investments increased by £73m, from £966m to £1,039m.

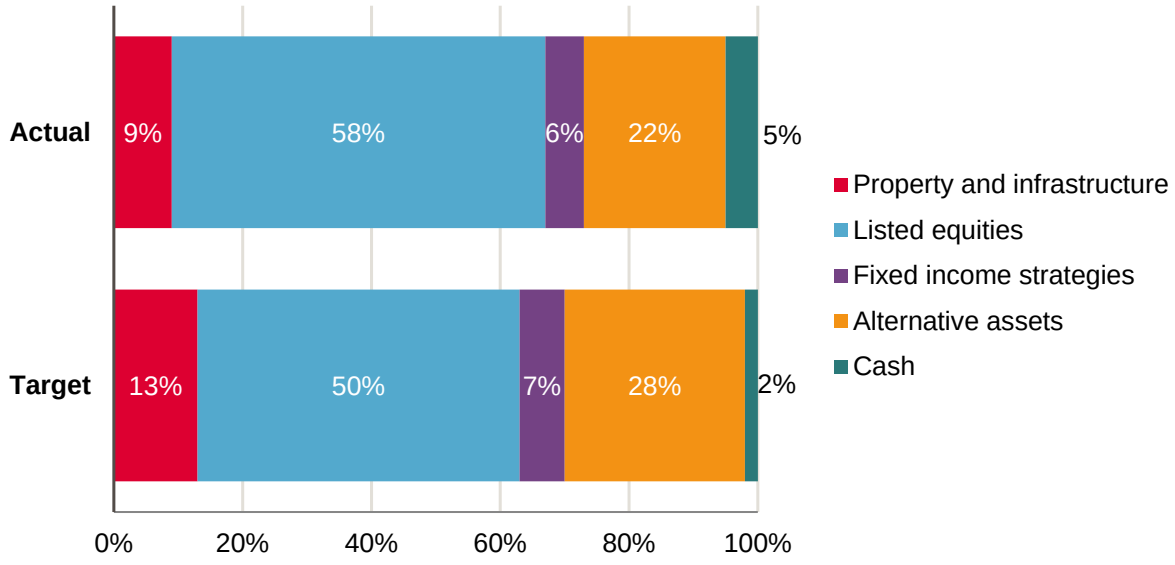
Figure 2: Investment values at 31 December 2017



The structure of the investments is focused on global investing via a range of asset classes. The investments look to maximise returns while balancing acceptable levels of risk through a diversified asset portfolio.

The chart below shows the target strategic asset allocation together with the actual asset allocation at the end of 2017. The Investment Committee meets quarterly (and more frequently if required) and regularly reviews the long-term investment strategy and progress on its implementation. The actual allocation was overweight in listed equities and cash and underweight in alternative assets. Over time we expect to increase our weighting in alternative assets as we build our private equity mandate.

Figure 3: Asset allocation at 31 December 2017



Risk management

The Foundation set out its approach to managing risk, including roles and responsibilities, in its risk management policy. The Audit Committee and the board of governors regularly review key risks owned by executive directors. The Audit Committee gives direction and reviews the implementation of the risk management process supported by an internal audit plan. Detailed below are the most important risks.

Key risk	Nature of risk	Management of risk
Failure to achieve adequate returns on investments.	The Foundation makes poor investment decisions or suffers a sudden, major correction in market value.	The Investment Committee ensures that the Foundation's investments are suitably diversified, supported by an internal team, external advisers and external benchmarking. The committee ensures there is sufficient liquidity to meet the Foundation's cash requirements in the event of a sudden market correction.
Failure to secure the Foundation against cyber- attack.	The Foundation's defences are inadequate, rendering it vulnerable to cyber-attack.	We continue to review, test, and strengthen our network supported by training our people as a key part of our defences.
Failure to secure sensitive data.	Inappropriate access to or management of sensitive data damages our reputation and prevents us from completing analytical work.	We have set up a secure data environment with appropriate roles, responsibilities and data handling protocols within a ring-fenced infrastructure. Our main focus is to ensure that the rest of the Foundation's work becomes sufficiently compliant with the new Data Protection Act in 2018.
Our work has insufficient impact.	The Foundation fails to address important or emerging issues or achieve a desired level of impact.	The strategic plan sets out our priorities, which are reviewed each year. The executive team monitors the work plan and responds to changing priorities in-year. An assessment of the Foundation's impact is presented to the board of governors each year.

Key risk	Nature of risk	Management of risk
Our work is not of good enough quality.	We fail to ensure that our work is of the necessary quality and relevance, or our work makes use of flawed data.	We have a clear governance framework for reviewing our work from the initial stages through to publication. We check our work internally through peer review before it is sent externally for further peer review.
The major projects that we incubate and then release outside the organisation fail to thrive or bring us into disrepute.	The projects that we release into the outside world fail to have impact proportionate to the amount we have invested in them and / or bring us reputational damage by association.	We strengthened our senior management team to oversee the relationships with stakeholders during the period of incubation, through to release and beyond. Where appropriate, we seek commitment from stakeholders to develop these projects with joint oversight and board visibility.

Trustees' report

Structure, governance and management

The Health Foundation is a registered charity (No. 286967) and a company limited by guarantee (No. 1714937). It is governed by its memorandum and articles of association adopted on 24 July 1996 and last amended on 22 November 2017. The Foundation's endowment was first established in 1998.

The board of governors is responsible for the overall governance of the Foundation. Governors are appointed for a term of five years and may be appointed for a second term of up to four years. All governors are members and directors of the company and trustees of the registered charity. The current governors and any past governors who served during the year are listed in the table below together with the names of independent members of committees.

Name	Member/ governor	Nominations and Governance Committee	Audit Committee	Investment Committee	Remuneration Committee
Hugh Taylor (Appointed: 13 April 2017)	Chair				

Name	Member/ governor	Nominations and Governance Committee	Audit Committee	Investment Committee	Remuneration Committee
Alan Langlands (Stepped down: 22 November 2017)	Chair			✓	✓
David Dalton	✓		✓		
Murray Easton (Resigned: 2 Feb 2017)	✓	✓	✓		
Martyn Hole	✓		✓	✓	
Ruth Hussey (Appointed: 9 February 2018)	✓				
Bridget McIntyre	✓		Chair		
Andrew Morris (Stepped down: 7July 2017)	✓	✓			
Sharmila Nebhrajani (Appointed: 9 February 2018)	✓		✓		
Melloney Poole	✓	Chair			Chair
David Zahn	✓			Chair	✓
Branwen Jeffreys	✓	✓			
Rosalind Smyth	✓				✓
Loraine Hawkins (Appointed: 13 April 2017)	✓	✓			
Eric Gregory	✓				✓

Name	Member/ governor	Nominations and Governance Committee	Audit Committee	Investment Committee	Remuneration Committee
(Appointed: 13 April 2017)					

The following served as independent members of committees during 2017.

Name	Audit Committee	Investment Committee
Peter Mallinson		✓
Michelle McGregor Smith (Stepped down: 31 Oct 2017)		✓
David Smith	✓	
Richard Williams		✓

In order to increase the effectiveness of the governors' roles and responsibilities, they are appointed to match specifications that are relevant to specific aspects of the Foundation's work. This ensures a relevant and balanced mix of skills and experience on the board.

The board meets at least four times a year. At these meetings, it reviews strategy and operational/investment performance and approves operating plans and budgets. Regular performance reports are provided to the board, as well as the minutes of committee meetings, to assist it in fulfilling its role of monitoring and evaluating the organisation's performance.

All new governors receive a comprehensive induction. Refresher sessions on relevant topics are arranged for governors periodically.

Organisational structure and how decisions are made

The board of governors has set down a schedule of matters specifically reserved to it for decision. These include:

- board appointments
- the appointment and terms of reference of any committee of the board and any matters expressly reserved for the decision of the board by any such terms of reference
- approval of annual financial statements and annual business plan and budget
- changes to the Foundation's investment policy.

In addition, the following committees are established as committees of the board of the Foundation in accordance with the articles of association. Each operates in accordance with terms of reference, which ensure that the committee is properly constituted with an appropriate membership of governors, experienced independent members (in the case of the Audit and Investment Committees) and a clear set of responsibilities and authorities.

- **The Nominations and Governance Committee** is responsible for pro-actively monitoring and advising on the size and composition of the board of governors; the

selection and recruitment of governors and the processes to be adopted in support of that activity; the induction and training of governors; and reviews of board performance, as requested by the board.

- **The Audit Committee** assists the board in meeting its responsibilities in respect of financial reporting; provides a channel of communication between the Foundation's external auditors and the board; provides direction and reviews the implementation of the Foundation's risk management strategy and internal audit process.
- **The Investment Committee** assists the board with developing and setting an investment policy that is appropriate to the Foundation's needs. It also devises and implements an investment strategy that can be expected to meet the Foundation's investment objectives. This includes setting asset allocation, deciding and implementing manager arrangements, and monitoring performance. The chief executive and the chief investment officer are members of this committee.
- **The Remuneration Committee** approves the framework and policy determining the overall reward strategy applicable to all Foundation staff. It is also responsible for determining the reward, benefits and compensation for the individual members of the directors' team.

The board of governors delegates the exercise of certain powers in connection with the management and administration of the Foundation to the executive team managed by the chief executive.

Senior management

The chief executive is responsible for the day-to-day management of the Foundation's affairs and for implementing policies agreed by the board of governors. The chief executive is assisted by a group of staff referred to as the 'directors' and those who served during 2017 are listed below. It should be noted that although these directors are the senior executive team of the charity they are not the 'legal' directors of the charitable company.

Jennifer Dixon	Chief Executive
Jo Bibby	Director of Strategy and Innovation
Aidan Kearney	Chief Investment Officer
Anita Charlesworth	Director of Research and Economics
Cathy Irving	Director of Communications
Adam Steventon	Director of Data Analytics
Will Warburton	Director of Improvement
Paul Hackwell	Director of Finance and Operations

The charity's registered office and list of key advisers can be found in the legal and administrative information at the front of the annual report.

Principal activities and development

The Health Foundation is an independent charity committed to bringing about better health and health care for people in the UK. It achieves this through supporting people and organisations. Further information on the charity's activities and developments are included in the strategic report on pages 9–22.

Statement of governors' responsibilities

The governors are responsible for the preparation of their annual report, including the strategic report and governors' report, and the financial statements in accordance with applicable law and UK Generally Accepted Accounting Practice. Company law requires the governors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

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

- ensure that the most suitable accounting policies are established and applied consistently
- make judgements and estimates that are reasonable and prudent
- state whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Foundation will continue in operation.

The governors have overall responsibility for ensuring that the Foundation has appropriate systems and controls, financial and otherwise. They are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Foundation and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- the Foundation is operating efficiently and effectively
- all assets are safeguarded against unauthorised use or disposition and are properly applied
- proper records are maintained and financial information used within the Foundation, or for publication, is reliable
- the Foundation complies with relevant laws and regulations.

Each of the governors has confirmed, as far as the governors are aware, there is no relevant audit information of which the Foundation's auditors are unaware. The governors have each taken all the steps that they ought to have taken as governors in order to make themselves aware of any relevant audit information and to establish that the Foundation's auditors are aware of that information.

Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the directors' team and the board of governors. Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency.

The systems of internal control are designed to provide reasonable but not absolute assurance against material misstatement or loss. They include:

- a strategic plan, annual business plan and budget approved by the governors
- regular consideration by the governors of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews
- delegation of day-to-day management authority and segregation of duties
- identification and management of risks
- a programme of independent controls.

Declarations and conflicts of interest policy

The Foundation has drawn up and implemented a declarations of interest policy that explains the nature of potential conflicts of interest. It requires governors, independent members of committees, employees and other defined categories of individual with whom the Foundation works from time to time, to declare all interests relevant to the Foundation's work and provides a framework for managing situations when conflicts arise. Governors, independent members of committees and employees are also required to notify the head of operations of any association with a body or organisation which is or might become an applicant for funds from the Foundation. A register of all notifications received is kept and those interests declared by governors and members of the directors' team are reviewed regularly by the directors and produced for inspection at all board meetings.

Details of transactions with related parties are set out in note 25 on pages 58–60.

The Foundation has a comprehensive whistle-blowing policy.

None of the governors has any beneficial interest in the company. All the governors are members of the company and guarantee to contribute £1 in the event of a winding up.

This Governors' report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the governors on 12 July 2018, in their capacities as trustees of the charity and directors of the company. This included their approval of the Trustees' and strategic reports contained within it. The Trustees' report is signed as authorised on their behalf by:

Signed

Sir Hugh Taylor
Chair
12 July 2018

Independent auditor’s report to the members of the Health Foundation

Opinion

We have audited the financial statements of the Health Foundation (‘the Group’) for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)’.

In our opinion the financial statements:

- give a true and fair view of the state of the group and the charitable company’s affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (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.

Use of our report

This report is made solely to the charitable company’s Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company’s Members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its Members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

- the information given in the Governors' Report is inconsistent in any material respect with the financial statements;
- sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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 governors

As explained more fully in the Statement of the Governors' responsibilities, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governors are responsible for assessing the Group'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 governors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Signed

Subarna Banerjee (Senior Statutory Auditor) for and on behalf of UHY Hacker Young
Statutory Auditor
London
12 July 2018

Consolidated statement of financial activities for the year ended 31 December 2017

	Notes	Unrestricted Funds £' 000	Restricted Funds £' 000	Endowment Funds £' 000	Total 2017 £' 000	Total 2016 £' 000
Income from:						
Charitable activities	3	125	975	-	1,100	1,149
Investments	4	13,790	-	-	13,790	13,790
Capital applied to income	5	35,984	-	(35,984)	-	-
Total income		49,899	975	(35,984)	14,890	14,939
Expenditure						
Raising funds	6	-	-	10,900	10,900	9,330
Charitable activities	7	49,899	1,213	-	51,112	32,526
Total resources expended		49,899	1,213	10,900	62,012	41,856
Operating deficit		-	(238)	(46,884)	(47,112)	(26,917)
Net gain on investments	11	-	-	109,189	109,189	145,785
Net income / (expenditure) for the year		-	(238)	62,305	62,067	118,868
Fund balances as at 1st January 2017		-	611	946,112	946,723	827,855
Fund balances as at 31 December 2017		-	373	1,008,417	1,008,790	946,723

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure is derived from continuing activities.

Consolidated balance sheet for the year ended 31 December 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets:					
Intangible fixed assets	12		2,225		933
Tangible fixed assets	13		675		1,307
Investments	14		1,039,090		966,088
Programme related investment	14		526		526
			1,042,516		968,854
Current assets:					
Debtors	16	863		757	
Cash and short-term deposits		4,856		2,160	
Total current assets		5,719		2,917	
Current liabilities:					
Amounts falling due within one year	17	(20,635)		(17,763)	
Net current liabilities			(14,916)		(14,846)
Total assets less current liabilities			1,027,600		954,008
Creditors: amounts falling due after more than one year	18		(18,021)		(6,499)
Provisions for liabilities	20		(789)		(786)
Net assets			1,008,790		946,723
Capital funds					
Endowment funds general			1,008,417		946,112
Income funds					
Unrestricted fund			-		-
Restricted fund			373		611
Total funds			1,008,790		946,723

The accounts were approved by the Governors, and authorised for issue on 12 July 2018 and signed by:

Signed

Sir Hugh Taylor
Trustee
Company Registration No. 1714937

Signed

Bridget McIntyre
Trustee

Charity balance sheet for the year ended 31 December 2017

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets:					
Intangible fixed assets	12		2,225		933
Tangible fixed assets	13		675		1,307
Investments	14		791,416		744,347
Investment in subsidiaries	14		248,200		222,267
			1,042,516		968,854
Current assets:					
Debtors	16	863		763	
Cash and short-term deposits		4,856		2,151	
Total current assets		5,719		2,914	
Current liabilities:					
Amounts falling due within one year	17	(20,635)		(17,760)	
Net current liabilities			(14,916)		(14,846)
Total assets less current liabilities			1,027,600		954,008
Creditors: amounts falling due after more than one year	18		(18,021)		(6,499)
Provisions for liabilities	20		(789)		(786)
Net assets			1,008,790		946,723
Capital funds					
Endowment funds general			1,008,417		946,112
Income funds					
Unrestricted fund			-		-
Restricted fund			373		611
Total funds			1,008,790		946,723

The accounts were approved by the Governors, and authorised for issue on 12 July 2018 and signed by:

Signed

Sir Hugh Taylor
Trustee

Signed

Bridget McIntyre
Trustee

Company Registration No. 1714937

Consolidated statement of cash flows for the year ended 31 December 2017

	Notes	2017 £ '000	2017 £ '000	2016 £ '000	2016 £ '000
Cash flows from operating activities					
Cash absorbed by operations	27		(35,017)		(32,354)
Investment activities					
Cost of developing intangible assets		(1,359)		(933)	
Purchase of tangible fixed assets		(5)		(657)	
Investment proceeds re-invested		(13,775)		(13,776)	
Withdrawals from investments		49,962		43,163	
Investment management fees		(10,900)		(9,330)	
Investment income		13,790		13,790	
Net cash generated from investing activities			37,713		32,257
Net decrease in cash and cash equivalents			2,696		(97)
Cash and cash equivalents at beginning of year			2,160		2,257
Cash and cash equivalents at end of year			4,856		2,160

Notes to the financial statements for the year ended 31 December 2017

Charity information

The Health Foundation is a private company limited by guarantee incorporated in England and Wales.

The registered office is 90 Long Acre, London, WC2E 9RA.

The liability of the governors in their capacity as members of the company is limited. Each member guarantees any deficiency in the Foundation to a maximum of £1.

1.0 Accounting policies

1.1 Accounting convention

These accounts have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), 'Accounting and Reporting by Charities' the Statement of Recommended Practice for charities applying FRS 102, the Companies Act 2006 and UK Generally Accepted Accounting Practice. The Foundation is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Foundation. Monetary amounts in these financial statements are rounded to the nearest £'000.

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The financial statements consolidate the charity and its wholly owned subsidiary entities, The Victoria Fund LP Incorporated and Medtrust Innovations Limited.

In accordance with section 408 of the Companies Act 2006, no separate Statement of Financial Activities has been presented for the charity. However, due to the nature of the charity's subsidiaries, the overall net movement in funds of the charity is the same for the group.

1.3 Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

The Foundation maintains three types of funds: unrestricted funds, restricted funds and expendable endowment funds. Income and expenditure on these funds are shown separately in the statement of the financial activities.

Unrestricted funds are available for use at the discretion of the governors in furtherance of their charitable objectives unless the funds have been designated for other purposes. The income is made up of investment income, other incoming resources and any capital applied as income.

Restricted funds are subject to specific conditions as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

Expendable endowment funds represent capital gifted for the long-term benefit of the Foundation. Any income arising from the Endowment fund assets is added to the unrestricted fund. The trustees may also, at their discretion, determine to apply part or all of the endowment capital as income at which time the relevant amounts are transferred to the unrestricted fund.

1.5 Incoming resources

Income is recognised when dividends and interest are receivable, and includes recoverable taxation. Income received but not distributed by pooled funds is included as part of the net gains on investments in the statement of financial activities.

1.6 Resources expended

Expenditure is recognised on an accruals basis. Irrecoverable VAT is included within the expense items to which it relates.

Expenditure on raising funds represents amounts paid to the Foundation's external investment advisers and custodian, and an apportionment of internal support costs based on time spent. They are charged to the endowment fund, as the primary role of the investment managers and the custodian is to safeguard the investment assets of the Foundation.

Charitable activities comprise all costs incurred in the pursuit of charitable objects. These are:

- grants including programme costs where an actual/constructive obligation exists, notwithstanding that they may be paid in future accounting periods. However, where conditions attach to the grant such that it is a performance-related grant then this is charged as the conditions are satisfied and expensed as the related activity is performed.
- salary costs that can be directly attributed to strategic, programme and policy work. It also includes the cost pertaining to support staff.
- overheads such as the rent and running costs of the office space. These costs are allocated to charitable strategic priorities based on the relevant proportions of the direct costs of the charitable activities.

Governance costs comprise all costs attributable to ensuring the public accountability of the Foundation and its compliance with regulation and good practice. These costs include costs related to statutory and internal audit together with an apportionment of support costs based on time spent.

Retirement pensions and related benefits to defined contribution schemes are charged to the unrestricted fund in the accounting year in which the contributions are paid. Provision is made for the discounted expected future costs of unfunded pension benefit commitments at each balance sheet date, based on actuarial advice.

1.7 Intangible fixed assets other than goodwill

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Intangible assets comprise internal development costs with respect to the AIMS grant management System, Office 365 business applications and the Q Project. These assets are defined as having finite useful lives and the costs are amortised on a straight line basis over

their estimated useful lives of 7 years. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

1.8 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Tangible fixed assets with a value over £5,000 are capitalised. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	5 years
Computers	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.9 Fixed asset investments

Fixed asset investments comprise both quoted and unquoted investments and are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

Quoted investments are listed shares, bonds and units and are stated at fair value on the basis equivalent to market value using the bid price. Asset sales and purchases are recognised at the date of trade.

Unquoted investments are stated at fair value based on professional valuations at the balance sheet date or nearest available date to it. For hedge funds, the valuations are provided by third-party hedge fund administrators. In the case of private equity funds, there is no readily identifiable market price. These funds are included at the most recent valuations by their respective managers. Investments made shortly before the balance sheet date are held at cost where the managers have yet to provide a valuation.

A subsidiary is an entity controlled by the Foundation. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Subsidiaries are included in the Foundation's balance sheet at their net asset value which represents the fair value of their underlying investments and other net assets. Investments in subsidiary undertakings are held at cost less any impairment.

Unrealised gains and losses are recognised at the year-end as the difference between the historical cost and the market value of the investment assets. Realised gains and losses are recognised during the year at the time the investment is sold, and include any fees incurred at source. All unrealised and realised gains and losses on investments are included within the statement of financial activities.

1.10 Impairment of fixed assets

At each reporting end date, the Foundation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The Foundation has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Foundation's balance sheet when the Foundation becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade creditors and grants payable are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current

liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

1.13 Provisions
Provisions are recognised when the Foundation has a legal or constructive present obligation as a result of a past event, it is probable that the Foundation will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period it arises.

1.14 Employee benefits
The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Foundation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits
Retirement pensions and related benefits to defined contribution schemes are charged to the unrestricted fund in the accounting year in which the contributions are paid.

1.16 Leases
Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease.

1.17 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/expenditure for the period.

1.18 Exemptions
The charitable company has taken advantage of the exemptions in FRS 102 not to present a company only cash flow statement and certain disclosures about the company's financial instruments. The company has taken advantage of the legal dispensation granted under S.408 of the Companies Act 2006 allowing it not to present its own statement of financial activities. The company's net income for the year is £62,067k (2016: £118,868k).

2.0 Critical accounting estimates and judgements

In the application of the Foundation's accounting policies, the governors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Investment valuation
The Foundation's investments are stated at market value. Fixed asset investments comprise both quoted and unquoted investments and are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred. Valuations are obtained from the investment managers. Directors do not believe that there is any inherent uncertainty in the presentation of these amounts, and that in their judgement, market value and fair value may be regarded as identical for the purpose of these accounts.

3.0 Charitable activities

	Share of profit in BMJ Quality & Safety	Other income	Total 2017	Total 2016
	£ '000	£ '000	£ '000	£ '000
Other income*	125	975	1,100	1,149
Analysis by funds				
Unrestricted funds	125	-	125	
Restricted funds	-	975	975	
	125	975	1,100	
For the year ended 31 December 2016				
Unrestricted funds	109	15		124
Restricted funds	-	1,025		1,025
	109	1,040		1,149

*In 2017, we received restricted income of £975k (2016: £1,025k) for Q, an initiative jointly funded with NHS improvement

4.0 Investments

	2017 £ '000	2016 £ '000
Income from listed investments	8,082	7,677
Fixed interest income	1,006	2,152
Property fund income	4,477	3,961
Income from alternative investments	225	-
	13,790	13,790

5.0 Capital applied to income

	Unrestricted funds £' 000	Endowment funds £' 000	Total 2017 £' 000	Total 2016 £' 000
Released from endowment funds	35,984	(35,984)	-	-
For the year ended 31 December 2016	17,807	(17,807)	-	-

6.0 Raising funds

	2017 £' 000	2016 £' 000
Cost of raising funds		
Investment advisory costs	153	102
Staff costs	223	188
Fund transition fees	414	-
Custodian fees	107	82
Investment managers' fees	10,003	8,958
	10,900	9,330

7.0 Charitable activities

	Improving health care delivery	A healthier UK population	Others	Total 2017	Total 2016
	£ '000	£ '000	£ '000	£ '000	£ '000
Grant funding of activities (see note 28)	33,325	3,155	209	36,689	18,454
Direct costs	7,988	756	50	8,794	8,520
Share of support costs *	5,011	475	32	5,518	5,435
Share of governance costs *	101	10	-	111	117
	46,425	4,396	291	51,112	32,526

* See note 8

Analysis by fund					
Unrestricted funds	45,212	4,396	291	49,899	
Restricted funds	1,213	-	-	1,213	
	46,425	4,396	291	51,112	

For the year ended 31 December 2016

	Improving service delivery	Improving public policy	Improving population health	Others	Total
	£ '000	£ '000	£ '000	£ '000	£ '000
Unrestricted funds	24,799	5,561	987	374	31,721
Restricted funds	664	114	20	7	805
	25,463	5,675	1,007	381	32,526

Our charitable activities for 2017 merge improving services delivery and public policy into improving health care delivery. Improving population health has been renamed as a healthier UK population.

8.0 Support costs

	Direct costs £ '000	Support costs £ '000	Governance costs £ '000	2017 £ '000	2016 £ '000
Staff costs	6,793	1,142	-	7,935	7,266
Depreciation	-	558	-	558	593
Property costs	-	1,256	-	1,256	1,295
Technology costs	3	877	-	880	827
Other direct/support costs	1,996	1,596	-	3,592	3,974
Audit fees	-	-	31	31	30
Legal and professional	2	89	-	91	4
Internal audit	-	-	44	44	51
Other governance costs	-	-	13	13	23
Governor training and recruitment	-	-	23	23	9
	8,794	5,518	111	14,423	14,072

A direct expenditure of £8,794k of charitable activities is mainly to further the Foundation's objectives by; organising conference and events, carrying out direct and commissioned work in-house, scoping, developing, and managing grant programs and publishing and disseminating reports on research findings.

Support costs have been allocated to charitable activities in the year.

Governance costs include payments to auditors of £31k (2016: £30k) for audit fees and £7k (2016: £6k) for non-audit services.

9.0 Governors

None of the governors (or any persons connected with them) received any remuneration or benefits from the Foundation during the year. Trustees expenses received totalled £2k (2016: £6k).

10.0 Employment costs

	2017 £ '000	2016 £ '000
Wages and salaries	7,068	5,911
Social security costs	750	653
Other pension costs	527	679
Other costs	74	211
	8,419	7,455

The average number of employees during the year was 135 (2016: 117) which equated to a full-time equivalent of 124 (2016: 111).

Employment costs include salary costs relating to fundraising of £223k (2016: £188k) and salary costs capitalised in relation to the development of the Q initiative of £261k (2016: nil).

The number of employees whose annual remuneration was £60,000 or more were:

	2017	2016
£60,001–70,000	6	6
£70,001–80,000	3	2
£80,001–90,000	6	3
£90,001–100,000	2	4
£100,001–110,000	1	2
£110,001–120,000	1	2
£120,001–130,000	1	0
£130,001–140,000	1	1
£150,001–160,000	1	0
£160,001–170,000	1	1
£220,001–230,000	1	1

11.0 Net gains on investments

	2017 £ '000	2016 £ '000
Revaluation of investments	109,189	145,785

12.0 Intangible fixed assets

Group and charity	Software £ '000	Q Project £ '000	Total £ '000
Cost			
At 1 January 2017	395	538	933
Additions – internally developed	362	997	1,359
At 31 December 2017	757	1,535	2,292
Amortisation and impairment			
At 1 January 2017	-	-	-
Amortisation charge in the year	67	-	67
	67	-	67
Carrying amount			
At 31 December 2017	690	1,535	2,225
At 31 December 2016	395	538	933

The intangible asset of £690k relates to the development of grant management software (AIMS) and Office 365, a suite of business applications. The benefit of AIMS came through in January 2017 and Office 365 is expected to come through in January 2018. Both intangible assets are expected to have a useful life of 7 years.

The Q Initiative identifies and connects people skilled in improvement across the UK, through online and events-based capabilities that promote knowledge-sharing, development, and other improvement activities. This network is currently under development.

13.0 Tangible fixed assets

Group and Charity	Fixtures and fittings £ '000	Computer equipment £ '000	Total £ '000
Cost			
At 1 January 2017	1,510	1,539	3,049
Additions	-	5	5
Disposal and write offs	(277)	(532)	(809)
At 31 December 2017	1,233	1,012	2,245
Depreciation			
At 1 January 2017	851	891	1,742
Depreciation charge in the year	239	252	491
Disposal and write offs	(265)	(398)	(663)
	825	745	1,570
Carrying amount			
At 31 December 2017	408	267	675
At 31 December 2016	659	648	1,307

14.0 Fixed assets investments

Group

	Investments		
	Portfolio £ '000	Other £ '000	Total £ '000
Valuation			
At 1 January 2017	966,088	526	966,614
Valuation changes	109,189	-	109,189
Income	13,775	-	13,775
Investment management costs included in the fund	(8,560)	-	(8,560)
Net withdrawals from portfolio	(41,402)	-	(41,402)
At 31 December 2017	1,039,090	526	1,039,616
Cost			
At 31 December 2017	761,978	526	762,504
At 31 December 2016	729,331	526	729,857

Other investments comprise:	Notes	2017 £ '000	2016 £ '000
Programme related investments	28	526	526

Investments at fair value comprise:		
Property funds	98,530	92,871
Equities	601,973	559,405
Fixed interest	58,547	83,340
Alternatives	224,882	215,392
Cash	55,158	15,080
	1,039,090	966,088

Charity

	Portfolio £ '000	Investments Other £ '000	Total £ '000
Valuation			
At 1 January 2017	744,347	222,267	966,614
Valuation changes	89,868	19,321	109,189
Income	12,135	1,640	13,775
Investment management costs included in the fund	(3,032)	(5,529)	(8,560)
Net (withdrawals)/additions from/to portfolio	(51,902)	10,500	(41,402)
At 31 December 2017	791,416	248,200	1,039,616
Cost			
At 31 December 2017	585,418	177,086	762,504
At 31 December 2016	557,739	172,118	729,857

Other investments comprise:	Notes	2017 £ '000	2016 £ '000
Investment in subsidiaries	26	247,674	221,741
Programme related investments	26	526	526
Investments at fair value comprise:			
Property funds		98,530	92,871
Equities		601,973	559,405
Fixed interest		41,646	73,540
Alternatives		1,392	3,790
Cash		47,875	14,740
		791,416	744,347

A currency hedging programme was in place during the year to manage foreign currency exchange risk. At 31 December 2017, the group had open foreign exchange forward contracts, to mitigate any currency risk between USD and Sterling on the hedge fund mandate in the Victoria Fund. These contracts have been revalued at the applicable year end revaluation rate and the resulting unrealised gains/(losses) are included within the overall value of the investments above. At 31 December 2017, the Victoria Fund held contracts to buy $87,231k (£65,402k at an average rate of $1.34) and £232,354k ($307,548 at an average rate of $1.33), (2016: $82,731k and £272,179k). The unrealised gain/(loss) associated with these forward currency contracts totalled £4,777k as at 31 December 2017 (2016: (£15,525k)).

The Victoria Fund's underlying hedge fund investments provide varying degrees of liquidity based on their own redemption terms, which typically begin with an initial lock-up period. These investments are made on an ongoing basis. As a result, the Victoria Fund may not be able to liquidate all of its investments quickly. As investment lock-up periods ease in future periods, more short-term liquidity is expected.

The following table illustrates the expected liquidity of assets and liabilities held as at 31 December 2017.

	Less than 6 months £ '000	6–12 months £ '000	More than 12 months £ '000	Long-term lock up* £ '000
Total non-current assets	-	-	7,638	67,745
Total current assets	147,097	26,768	-	-
Total current liabilities	1,117	-	-	-

*This relates to underlying funds in the Victoria Fund, whose redemptions have been locked up and private equity funds which have no redemption opportunities.

At the balance sheet date, the Foundation had total investment commitments of £100,024k (2016: £70,310k) for private equity and infrastructure from total commitments of £165,146k (2016: £126,060k). These commitments form part of the planned asset allocation and will be met from within the existing investments.

15.0 Financial instruments

Group

	2017 £ '000	2016 £ '000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	312	296
Instruments measured at fair value through profit or loss	1,039,090	966,088
Carrying amount of financial liabilities		
Measured at amortised cost	38,656	24,259

Charity

	2017 £ '000	2016 £ '000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	312	296
Instruments measured at fair value through profit or loss	791,416	744,347
Carrying amount of financial liabilities		
Measured at amortised cost	38,656	24,259

16.0 Debtors: Amounts falling due within 1 year

	Group		Charity	
	2017	2016	2017	2016
	£ '000	£ '000	£ '000	£ '000
Amounts due from subsidiary undertakings	-	-	125	109
Other debtors	312	290	187	187
Prepayments	551	467	551	467
	863	757	863	763

17.0 Creditors: Amounts falling due within 1 year

	Group		Charity	
	2017	2016	2017	2016
	£ '000	£ '000	£ '000	£ '000
Other taxation and social security	-	2	-	2
Trade creditors	689	1,242	689	1,239
Grants payable	18,578	14,462	18,578	14,462
Other creditors	346	556	346	556
Accruals and deferred income	1,022	1,501	1,022	1,501
	20,635	17,763	20,635	17,760

18.0 Creditors: Amounts falling due after more than 1 year

	Group		Charity	
	2017	2016	2017	2016
	£ '000	£ '000	£ '000	£ '000
Grants payable – in two to five years	18,021	6,499	18,021	6,499

Grants payable in two to five years includes £12,852k for the committed first five years funding for THIS Institute (2016 nil).

19.0 Grants payable

Group and charity

	2017	2016
	£ '000	£ '000
As at 1 January	20,961	23,307
Grants committed in the year	36,689	18,454
Paid during the year	(21,051)	(20,800)
As at 31 December	36,599	20,961
Split into:		
Grants payable - due within one year	18,578	14,462
Grants payable - in two to five years	18,021	6,499
As at 31 December	36,599	20,961

Grants committed in the year includes £19,720k for the committed first five years funding for THIS Institute (2016 nil).

20.0 Provisions for liabilities

Group and charity

	2017 £ '000	2016 £ '000
Pension obligations	567	590
Dilapidations	222	196
	789	786

Movement on provisions:

	Pension obligations £ '000	Dilapidation £ '000	Total £ '000
At 1 January 2017	590	196	786
Adjustment for change in discount rate and payment in the year	(23)	26	3
At 31 December 2017	567	222	789

21.0 Retirement benefit schemes

a) AEGON Group Personal Pension Plan

The Health Foundation offers all current employees the opportunity to join the defined contribution Group Personal Pension Plan provided by AEGON. Contributions in the year were £528k (2016: £467k). There were no outstanding contributions at 31 December 2017 (2016: nil).

b) Other retirement benefits

The Foundation has an unfunded future commitment to a former employee. The contractual commitment (as defined in each contractual arrangement) is to pay a pension equivalent to 1/60th of their pensionable salary for each year of pensionable service less any amounts of pension paid to the same members under The Pensions Trust Growth Plan. The potential pension liability at 31 December 2017, based on advice from an actuary, is estimated to be £567k, (2016: £589k). This provision will be reviewed in 2019.

22.0 Analysis of net assets between funds

Group

	Unrestricted Fund £ '000	Restricted Fund £ '000	Endowment fund £ '000	Total £ '000
Fund balances at 31 December 2017 are represented by:				
Intangible fixed assets	2,225	-	-	2,225
Tangible assets	675	-	-	675
Programme related investments	526	-	-	526
Investments	30,194	-	1,008,896	1,039,090
Current assets/ (liabilities)	(14,810)	373	(479)	(14,916)
Long term liabilities	(18,021)	-	-	(18,021)
Provisions	(789)	-	-	(789)
	-	373	1,008,417	1,008,790

Charity

	Unrestricted Fund £ '000	Restricted Fund £ '000	Endowment fund £ '000	Total £ '000
Fund balances at 31 December 2017 are represented by:				
Intangible fixed assets	2,225	-	-	2,225
Tangible assets	675	-	-	675
Investment in subsidiaries		-	248,200	248,200
Investments	30,720	-	760,696	791,416
Current assets/ (liabilities)	(14,810)	373	(479)	(14,916)
Long term liabilities	(18,021)	-	-	(18,021)
Provisions	(789)	-	-	(789)
	-	373	1,008,417	1,008,790

23.0 Capital commitments

The Foundation has a number of contracts that have been entered into that are not disclosed as liabilities as they are severable. They are recognised on a cash basis as and when the expenditure is incurred. These amounted to £6,975K at 31 December 2017 (2016: £3,865k).

24.0 Financial commitments

At 31 December 2017, the company had a property lease for its office premises, which expires in August 2019. The future minimum lease payments are as follows:

	Land and buildings	
	2017	2016
	£' 000	£' 000
Expiry date:		
Within one year	1,019	1,019
Between two and five years	617	1,635

25.0 Related party transactions

Due to the specialist nature of the projects funded, circumstances may occasionally arise where governors, committee members or staff are associated with organisations that apply for grants. In such cases, the Foundation has clear policies and procedures to ensure that the governor, committee member or member of staff is not involved in the assessment or approval of the grant. All such transactions are undertaken on an arm's length basis in accordance with the normal grant assessment and arrangements. Details of governors and senior management who have interests in organisations to which the Foundation has made awards and contracted within 2017 are noted below.

Board member	Role in associated organisation	Associated Organisation
Andrew Morris (Stepped down July 2017)	Fellow	Academy of Medical Sciences
	Vice Principal Data Science	University of Edinburgh
Alan Langlands (Stepped down Nov 2017)	Honorary Professor	University of Warwick Business School
	Chair and Director	N8 (the 8 research intensive Universities in the North of England)
	Director	White Rose Universities Consortium
	Director	Russell Group of Universities
	Fellow	The Academy of Medical Sciences
	Chair	Leeds Academic Health Partnership
	Fellow	Royal College of General Practitioners
David Dalton	Vice Chair	Greater Manchester AHSN
	CEO	Salford Royal NHS Foundation Trust

Melloney Poole	Chair	Portsmouth Hospitals NHS Trust
Rosalind Smith	Non-executive	Great Ormond Street Hospital NHS Trust
	Honorary Professor	London School of Hygiene and Tropical medicine
	Director	UCL Great Ormond Institute of Child Health
Member of staff	**Role in associated organisation**	**Associated Organisation**
Jo Bibby	Non-executive (left role in 2016)	Salford Royal NHS Foundation Trust
Jennifer Dixon	Fellow	Royal College of Physicians
	Honorary Professor	Imperial College
	Honorary Professor	London School of Economics
	Honorary Professor	London School Of Hygiene and Tropical medicine
Anita Charlesworth	Honorary Professor	University of Birmingham
Will Warburton	Fellow	Imperial College London
Will Warburton Spouse	Employee	University College London Hospitals NHS Foundation Trust

During the year, Victoria Fund LP Incorporated, a subsidiary of the Foundation, received an investment contribution of £10,500k (2016: £11,500k) from the charity. Medtrust Innovations Limited, a subsidiary of the Foundation donated its profit of £125k (2016: £109k) to the Foundation under gift aid.

Remuneration of key management personnel

Key management personnel are considered to be the chief executive officer and others as set out in the senior management section of the governors' annual report. The total remuneration of this group in the year, was as follows:

	2017 £' 000	2016 £' 000
Key management personnel	1,132	975

26.0 Subsidiaries

The Foundation had two subsidiary undertakings and the details at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Medtrust Innovations Limited	England and Wales	Intellectual property	Ordinary	100.00
The Victoria Fund LP Incorporated	Guernsey	Investment fund vehicle	-	-

Medtrust Innovations Limited (Medtrust)

Medtrust is wholly owned by the Foundation (initially 2 ordinary shares) and is a company registered in England and Wales. It is engaged in the exploitation of intellectual property rights.

In March 2011, the Foundation purchased a further 524,998 ordinary shares of Medtrust at £1 each to finance an investment to acquire 50% of the intellectual property rights of BMJ Quality & Safety, a journal published by the BMJ Publishing Group Limited. This social motive investment is held at cost in the charity balance sheet. Medtrust undertakes an impairment review each year.

At 31 December 2017, Medtrust had fixed assets of £526k (2016: £526k). This was also the value of its net assets, matching the value of the shareholders' funds.

During the year, Medtrust generated income of £123k (2016: £112k) and released 2016 expense of £2k (2016: £3k expensed) resulting in an operating profit of £125k (2016: £109k). The sum equivalent of its taxable profits was donated to the Foundation under gift aid as provided for in Medtrust's Articles of Association.

The Victoria Fund LP Incorporated (Victoria Fund)

The Victoria Fund was formed in February 2010 and is a limited partnership registered in Guernsey. It is a vehicle to invest in a combination of hedge funds and private equity. The limited partner is the Health Foundation and the general partner is Brook Street Limited, a Cayman Islands exempt limited company. Brook Street has delegated its powers to an investment manager, Cambridge Associates Limited.

The Health Foundation as the limited partner is entitled to all investment returns less a priority share by the general partner (Brook Street Limited) from the Victoria Fund and, for consolidation purposes, it is treated as a wholly owned subsidiary of the Foundation.

As at 31 December 2017, the Victoria Fund has fixed assets of £231,619k (2016: £218,367k) and the value of its net assets was £248,130k (2016: £222,025k). Net profit in the year was £16,099k (2016: £16,515k).

27.0 Cash generated from operations – Group

	2017 £ '000	2016 £ '000
Surplus/(deficit) for the year	62,067	118,868
Adjustments for:		
Investment income recognised in profit or loss	(13,790)	(13,790)
Cost of raising funds	10,900	9,330
Fair value gains and losses on investments	(109,189)	(145,785)
Depreciation and impairment of tangible fixed assets	704	593
Movements in working capital:		
Increase in debtors	(106)	(58)
Increase/(decrease) in creditors	14,394	(1,471)
Increase/(decrease) in provisions	3	(41)
Cash absorbed by operations	(35,017)	(32,354)

28.0 Grant funding

The Foundation made £36,689k of grants in 2017. These grants range from small one-off awards to multi-year demonstration projects and fellowships. Integral to all our award making is direct support from the Foundation, as well as technical expertise from technical providers and consultants. This support is organised and paid for by the Foundation and delivered directly to the award holders, and can be in the form of technical development and assistance, learning events and coaching. Within this grant funding the Foundation also funds research and external evaluations to ensure programmes are evidence-based and offer value for money.

Grants made to organisations and individuals are analysed by strategic objective in the table below.

Awards	Lead recipient	Total £
Improving Health Care Delivery - Efficiency and Productivity		
Programme – Advancing Applied Analytics		
Applying Analytics & Information Management in Health and Care	2gether NHS Foundation Trust	95,731
Building an analytical framework around the Electronic Frailty Index to transform care for people living with frailty	Midlothian Health and Social Care Partnership	67,667
Linking health and local government data at household level to understand social determinants of health	London Borough Islington	87,700
Making sense of a sea of data: The Royal Derby Hospital bioinformatics training programme	Derby Hospitals NHS Foundation Trust	99,997
Antimicrobials in hospitals – a development of advanced ePrescribing analytics	University Hospital of Southampton NHS Trust	85,698
Programme – Behavioural Insights		
Improving efficiency by building behavioural insights into an innovative NHS procurement portal	Behavioural Insights Team (BIT)	48,133
Programme – Efficiency Research Programme		
Improving the allocative efficiency of health and social care spending on older people in England	Institute for Fiscal Studies	16,771
Improving Health Care Delivery - Supporting Improvement		
Programme – Advancing Applied Analytics		
Applied Analytics Development Programme	NHS South Central and West Commissioning Support Unit	80,866
Developing a community of practice around capacity planning for the Kent & Medway STP	Kent County Council	99,958
Establishing a NHS-R community to exploit the power of R for the NHS	Bradford Teaching Hospitals NHS Trust	99,849
Modelling elective pathways across the Devon health economy to better inform strategic STP decision making	Northern Devon Healthcare NHS Trust	99,675
Pathways to a Cancer Diagnosis: monitoring variation in the patient journey across Northern Ireland	Business Services Organisation	99,878
Surrey health and social Care Analytics Linked Ecosystem (SCALE): visualising patterns of need and care	Surrey County Council	72,296
Using predictive analysis to prevent mental health crisis	Birmingham and Solihull Mental Health NHS Foundation Trust	98,964

Awards	Lead recipient	Total £
Programme – Building Capacity		
A behaviourally informed intervention trial to help nurses regain their passion for their work	North West London Hospitals NHS Trust	7,560
Frontiers of Improvement Science writing project	Imperial College London	15,000
Promoting passion: a field study to boost nurses' passion for work	South London and Maudsley NHS Foundation Trust	34,548
Programme – Evidence into Practice		
Better tracheostomy care	National Tracheostomy Safety Project (NTSP Ltd)	10,000
Programme – Exploring Social Franchising and Licensing		
Develop a licensed, social franchising model for regional hubs to roll out effective local multi-professional maternity training.	PROMPT	145,000
IRISi - Scaling and Replicating Through Social Licensing (SARTSL)	IRISi	143,433
Replicating Pathway's Homeless Health Hospital Team Model to towns & cities experiencing significant homelessness	Pathway	143,173
Scale up, replication and licensing of the PINCER intervention	The University of Nottingham	143,877
Programme – Flow, Cost, Quality		
Developing the capability to improve patient flow	Sheffield Teaching Hospitals NHS Foundation Trust	465,250
Programme – Follow up of successful projects		
Measurement Plan Assessment Tool	Imperial College London	8,940
Programme – GenerationQ		
Cohort 7- Leadership and quality improvement awards	Aideen Keaney	13,806
	Alice Turner	10,805
	Allister Grant	11,305
	Amelia Brooks	11,305
	Annemarie Sykes	9,806
	Azom Mortuza	9,806
	Bola Owolabi	10,805
	Fiona Kew	11,305
	Gillian Traub	13,806
	Jim McManus	9,806
	Liz Searle	9,806
	Mark Andrew Hamilton	9,806
	Mike Jones	9,806
	Philip Korsah	13,806

Awards	Lead recipient	Total £
	Rahul Singal	9,806
	Sarah Gorman	11,805
	Steve Paul Harrison	11,305
	William Dawson	11,305
Programme – The healthcare improvement studies (THIS) institute		
The healthcare improvement studies institute	University of Cambridge	19,720,000
Programme – Improvement Science Fellowships		
System change to mitigate over diagnosis and overtreatment: How can we ensure 'just enough medicine'?	Natalie Armstrong	37,394
Programme – Improvement Scientist Fellows 2014		
Improvement Science Fellowship Cohort 3	King's College London	62,824
Programme – Innovating for Improvement		
The Dementia 'Golden Ticket' - An Emerging New Model of Care	Buxted Medical Centre	3,196
A learning health system approach to avoiding acute occupancy crises	NIHR CLAHRC North West London	71,896
Addressing non-clinical risk among people with long-term conditions and multi-morbidity to improve health outcomes. `	Liverpool CCG	74,260
Development and evaluation of a renal learning health system across inner east London.	Clinical Effectiveness Group Queen Mary University of London	74,922
Innovative Presentation of Data to Improve Service User Safety, Reduce Suicides and Inform Clinical Caseload Management	NAViGO Health and Social Care CIC	74,615
Introduction of a quality registry approach to support patient centred, outcomes focussed, and cost-effective care in rheumatology.	Healthcare Improvement Scotland	73,378
Listen, Learn & Improve: using language analysis to interpret and act on written patient experience feedback for near real-time patient benefit	Imperial College Healthcare Trust	70,799
My contraceptive choice	SH:24	72,380
Neuro LTC: Online Integrated Care Plan	University Southampton NHS Foundation Trust	74,976
Nurse-led intervention to minimise adverse drug reactions for older adults in care homes	Aneurin Bevan University Health Board	75,000
Optimizing the treatment of MRSA blood stream infections in adults and children by computer models to personalise vancomycin dosing	University Hospitals of Leicester NHS Trust	51,104

Awards	Lead recipient	Total £
Partners in birth: an innovative approach to antenatal education designed to empower women to achieve normal birth and reduce interventions.	Barking, Havering & Redbridge University Hospitals NHS Trust	75,000
Person-centred care for children with asthma using non-healthcare community resources: the SCORE Programme	Alder Hey Children's Hospital NHS Foundation Trust	74,146
Physical Health Dashboard in the Psychosis Integrated Practice Unit (IPU)	Camden and Islington Foundation Trust	64,476
Post-Operative Morbidity reporting using Visual Life Adjusted Displays (POM-VLAD)	University College London Hospitals NHS Foundation Trust	74,671
Preparing For Surgery: The Community Prehabilitation and Wellbeing Project (The PREP-WELL Project)	South Tees Hospitals NHS Foundation Trust	74,996
Providing clear insight into patients' clinical and social care needs by a novel use of combined hospital datasets	East Kent Hospitals University NHS Foundation Trust	68,730
Reducing Emergency Department Crowding through Predictive Data Analytics - flow|ER.	Cambridge University Hospitals NHS Foundation Trust	74,580
The development and evaluation of an evidence-based treatment pathway for insomnia in prison: a feasibility study	CareUK	74,727
Using live operational data and improvement science to help primary care teams deliver better patient care	Tower Hamlets CCG	73,531
Using marketing automation techniques to improve targeted information delivery and lifestyle change in diabetes and non-diabetic hyperglycaemia.	Hammersmith and Fulham CCG	74,613
Facilitating heroin smokers' access to existing community COPD services in Liverpool	Royal Liverpool and Broadgreen University Hospitals NHS Trust	74,375
Programme – Insight & Analysis		
Clinical Human Factors Group - Sustainability and Impact	Clinical Human Factors Group	81,800
Doing the right thing	Macmillan Cancer Relief	19,600
Implementing Training for Better Outcomes	Academy of Medical Royal Colleges	20,000
Maternity serives to improve outcomes and reduce litigation costs	PROMPT Maternity Foundation	19,682
Programme – Magic		
Understanding the shared decision-making encounter: a mixed-methods evaluation of patients' and clinicians' experiences of MAGIC	Cardiff University	27,985

Awards	Lead recipient	Total £
Programme – Original Research		
Multinational Qualitative Study of Children's well-being: An English Study	University of Bradford	5,000
Enhancing members' networking and collaborating effectiveness	South West Academic Health Science Network	8,848
WEAHSN - The Academy. Cost Code: 99970 'The Q Community'	West of England Academic Health Science Network	20,801
NENC AHSN Developing Q Locally Award	North East and North Cumbria Academic Health Science Network	15,926
QI Connect	Healthcare Improvement Scotland	54,830
Funding for developing Q locally	Kent Surrey and Sussex Academic Health Sciences Network	14,156
NLDI film heritage project	NHS Research and Development North West	5,309
Regional recruitment Wave 2	North West Coast Academic Health Science Network	11,797
Regional recruitment Wave 2	Yorkshire and Humber Improvement Academy	11,797
Programme - Q Initiative - Year 3		
Understanding the impact of diverse patient and public involvement in patient safety improvement activities	King's College London	5,899
Programme – Scaling Up Improvement		
Adoption and large scale spread of ELPQulC: improving outcomes after emergency laparotomy	Royal Surrey County Hospital NHS Trust	11,003
Improving prescribing safety in general practices in the East Midlands through the PINCER intervention	Lincolnshire Community Health Service	10,000
North East Regional Back Pain Pathway	NHS Darlington Clinical Commissioning Group	6,400
Scaling up patient safety huddles to enhance patient safety and safety culture in hospital wards	Leeds Teaching Hospitals NHS Trust	10,000
Tackling acute kidney injury - a multi-centre quality improvement project	Derby Hospitals NHS Foundation Trust	10,000
A multi-centre quality improvement project to reduce the incidence of obstetric anal sphincter injury (OASI)	Royal College of Obstetricians and Gynaecologists	336,664
PReCePT2: Reducing brain injury through improving uptake of magnesium sulphate in preterm deliveries	University Hospitals Bristol NHS Foundation Trust	500,000

Awards	Lead recipient	Total £
To Implement and Evaluate a Programme of Shared Haemodialysis Care (Dialysis Self-Management Support)	Sheffield Teaching Hospitals NHS Foundation Trust	55,000
Implementation of Redthread's hospital-based Youth Violence Intervention Programme in the Midlands to care for young people affected by violence	Redthread Youth Limited	499,803
Pressure Reduction through Continuous Monitoring In Community Settings (PROMISE): reducing and preventing avoidable and unavoidable pressure ulcers	Cornwall Partnership NHS Foundation Trust	497,919
Scaling up a clinical effectiveness approach for Southwark to drive up quality and reduce unwarranted variation in general practice.	NHS Southwark CCG	497,920
Telemedicine for adults with cochlear implants in the UK: empowering patients to manage their own hearing healthcare	University of Southampton	499,974
Improving Surgical Care for patients and their families in Greater Manchester – ERAS+ GM	Manchester University NHS Foundation Trust	499,997
Scaling up virtual consultations across the NHS – implementing, evaluating and sustaining improvements	Barts Health NHS Trust	471,786
Programme – Spreading Improvement		
A programme to spread eGFR graph surveillance for the early identification, support and treatment of people with progressive chronic kidney disease (ASSIST-CKD)	Kidney Research UK	95,700
Making waves – RIPPLE 2 (Respiratory Innovation to Promote a Positive Life Experience)	South East Staffordshire and Seisdon Peninsula Clinical Commissioning Group (SES & SP CCG)	20,000
Dissemination of an evidence-based, multi-professional maternity training programme (PROMPT)	PROMPT	29,781
Facilitating the adoption of a digital intervention for young people who self-harm (BlueIce) within child and adolescent mental health services	Oxford Health NHS Foundation Trust	31,649
Home Monitoring of Hypertension in Pregnancy (HaMpton)	St George's Hospital, University of London	29,329
Prompting the use of EMDR Therapy in an Acute Mental Health setting	Berkshire NHS Foundation Trust	29,999
Initiating maternity ‘SAFER’ assessment in NHS Borders in mobile App format, Introducing maternity ‘SAFER’ assessment in a second board	NHS Borders	29,681

Awards	Lead recipient	Total £
Learning from I4I to aid in implementing patient centred care in Care Homes and Domiciliary care agencies in the prevention of pressure injury	Cornwall Partnership NHS Foundation Trust	29,917
Small-scale improvement to common practice: Rolling out the successful SAFE model for improving paediatric safety.	The Royal College of Paediatrics and Child Health	30,015
Spreading MOO: evaluation of health economic data to further evidence benefits of MOO clinics and influence for wider spread	South Eastern Health and Social Care Trust	28,183
The electronic Adrenal Incidentaloma Management System (eAIMS): Development of a patient portal and health professional marketing & training package.	University Hospitals of North Midlands NHS Trust	29,974
Improving Health Care Delivery - Quality		
Programme – Commissioned Data Analysis		
PLETHORA: Planning for Effective Transformation of Healthcare using Operational research and Advanced Analytics	MASHnet	19,500
Programme – Insight Research Programme		
Developing and implementing Machine Learning driven analytics for quality improvement in healthcare	King's College London	398,728
LAUNCHES QI: Linking AUdit and National datasets in Congenital HEart Services for Quality Improvement	University College London	451,815
Optimising engagement in routine collection of electronic patient-reported outcomes into disease registries	University of Manchester	399,574
Using the National Endoscopy Database (NED) to evaluate endoscopy performance and reduce unwarranted variation in quality	Newcastle University	398,149
Variation in patient pathways and hospital admissions for exacerbations of COPD: linking the National COPD audit with CPRD data	Imperial College London	98,463
Programme - Quality Watch		
Quality Watch	The Nuffield Trust	45,750
Programme – Research Fellowships		
Maximising the Quality Improvement potential of the National Clinical Audit and Patient Outcomes Programme (NCAPOP) through the expertise of an HQIP QI Fellow	Healthcare Quality Improvement Partnership	99,902
A healthier UK		
Programme – Charities and the social determinants of health		
Charities and the social determinants of health	New Philanthropy Capital	95,460

Awards	Lead recipient	Total £
Programme – Collating publicly availed data on Adolescence health		
Collating publicly availed data on adolescence health	Association for Young People's Health	40,000
Programme – Identify and understand examples of social policy		
Workforce Wellbeing Evaluation	RAND Europe Community Interest Company	30,000
Programme – New Local Government Network		
Public health: what does good look like?	New Local Government Network	37,000
Programme – Policy Grants		
Accountable Care Policy Gaps and Lessons from the UK and US: A Bi-Directional Study	Duke University	32,436
Governing for the long term: finding new ways to address the long-term funding challenge facing health and social care	Institute for Government	44,239
Person-centred care	National Voices	17,996
Programme – The Economic and Social Value of Health		
Causal effects of alcohol and mental health problems on employment outcomes: harnessing UK Biobank and linked administrative data	University of Glasgow	449,501
Does childhood obesity hinder human capital development?	Imperial College London	347,698
Social and economic consequences of health: causal inference methods and longitudinal, intergenerational data	University of Bristol	449,973
The causal impact of health on labour market outcomes: consequences for individuals and households	University of Sheffield	391,871
The economic and social value of health from childhood to later life	UCL Centre for Longitudinal Studies	349,621
Programme – UK Public Health Network		
UK Public Health Network	UK Health Forum	69,316
Total		32,691,668
Adjustments to awards made in previous years		(763,158)
Services provided to third parties to support award holders and further the work of the foundation		4,454,549
Expenses relating to awards		96,662
Grants and donations awarded to charities by governors		209,163
Total Grants		**36,688,885**

Investment Fund Managers	BlackRock Investment Managers (UK) Ltd 12 Throgmorton Avenue Drapers Gardens London EC2N 2DL Savills Investment Management LLP 33 Margaret Street London W1G 0JD Goldman Sachs Peterborough Court 133 Fleet Street London EC4A 2BB Investec Asset Management Woolgate Exchange 25 Basinghall Street London EC2V 5HA M&G Investments Governors House, 5 Laurence Pountney Hill London EC4R 0HH MFS Investment Management One Carter Lane, London EC4V 5ER Mondrian Investment Partners Limited 10 Gresham Street London EC2V 7JD River & Mercantile Asset Management LLP 30 Coleman Street London EC2R 5AL Somerset Capital Management Manning House 22 Carlisle Place Westminster London SW1P 1JA Colchester Global Investors Heathcoat House 20 Savile Row Mayfair London W1S 3PR RWC Partners

	10 Bressenden Place Westminster London SW1E 5DH McKinley Capital 30 Old King's Highway South Suite 200, Darien CT 06820, USA Cadian Capital Management, LP 535 Madison Avenue 36th Floor New York NY 10022, USA Cyrus Capital Partners, L.P. 65 East 55th Street 6th Floor New York NY 10022, USA Davide Leone & Partners Investment Company LLP 9-10 Savile Row 3rd Floor London W1S 3PF Discovery Capital Management, LLC 20 Marshall Street Suite 310 South Norwalk CT 06854, USA Element Capital Management LLC 600 Lexington Ave 34th Floor New York NY 10022, USA Grantham, Mayo, Van Otterloo & Co. LLC 40 Rowes Wharf, Boston MA 02110, USA Hengistbury Investment Partners LLP 34 Brook Street 1st Floor London W1K 5DN Latimer Light Capital, L.P. 630 Fifth Avenue

	Suite 2310 New York NY 10111, USA Laurion Capital Management LP 360 Madison Avenue Suite 1900 & 2000 New York NY 10017, USA Lynx Asset Management AB Regeringsgatan 30-32 Box 7060 Stockholm SE-103 86, Sweden Mason Capital Management LLC 110 East 59th Street 30th Floor New York NY 10022, USA P/E Investments LLC 75 State Street 31st Floor Boston MA 02109, USA Penta Investment Advisers Limited c/o Old Peak Ltd. Level 27, Entertainment Building, 30 Queen's Road Central Hong Kong ShearLink Capital, LLC 500 Fifth Ave Suite 2320 New York NY 10022, USA Sylebra Capital Management 28 Hennessy Road 20th Floor Hong Kong

The Health Foundation
90 Long Acre, London WC2E 9RA
T +44 (0)20 7257 8000
E info@health.org.uk
@HealthFdn
www.health.org.uk

Registered charity number: 286967
Registered company number: 1714937