

THE NHS CONFEDERATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020

THE NHS CONFEDERATION

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Trustees	Lord Victor Adebawale Sir Andrew Cash Dr Owen Williams Dr Graham Jackson Jennifer Ruth Poole Julia Hickey Michael Bloomfield Paul Jenkins Prem Singh Prof Vivienne Burnet
Charity number	1090329
Company number	04358614
Registered office	2nd Floor 18 Smith Square London SW1P 3HZ
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Banker	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Capsticks LLP 1 St George's Road Wimbledon London SW19 4DR
Investment adviser	Sarasin and Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU

THE NHS CONFEDERATION

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

Senior executive staff

Niall Dickson CBE
Chief Executive NHS Confederation

Danny Mortimer
Deputy Chief Executive NHS Confederation/Chief Executive
NHS Employers

Daniel Reynolds
Director of Communications

Darren Hughes
Welsh NHS Confederation (from 26 August 2019)

David Hare
Chief Executive Independent Healthcare Providers Network
(to 31 March 2020)

Elaine Walder (to 31 July 2019)
Director of Commercial and Business Development

Heather Moorhead
Director Northern Ireland Confed for Health and Social

Joan Saddler
Director of Partnerships and Equality Services

Julie Wood (to 30 June 2020)
Chief Executive NHS Clinical Commissioners

Layla McCay
Director of International Relations

Louise Patten (from 15 June 2020)
Chief Executive NHS Clinical Commissioners

Nick Ville
Director of Membership and Policy

Paul Davies (from 02 July 2020)
Interim Director of Finance and Corporate Services

Phil McCarvill (to 26 July 2019)
Chief Adviser

Rohan Hewavisenti (to 10 July 2020)
Director of Finance and Corporate Services

Sean Duggan
Chief Executive Mental Health Network

THE NHS CONFEDERATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The trustees, who are directors of the charitable company, are pleased to present their annual report, with the consolidated financial statements of the charity and its subsidiary trading company for the financial year ended 31 March 2020. The financial statements presented have been prepared in accordance with the Companies Act 2006, the organisation's constitution (including its memorandum and articles of association) and the charities Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

About us

The NHS Confederation is the membership body that brings together and speaks on behalf of organisations that plan, commission and provide NHS services in England, Northern Ireland and Wales.

We represent hospitals, community and mental health providers, ambulance trusts, primary care networks, clinical commissioning groups and integrated care systems.

We have three roles:

- to be an influential system leader
- to represent our members with politicians, national bodies, the unions and in Europe
- and to support our members to continually improve care for patients and the public.

All of our work is underpinned and driven by our vision of an empowered, healthy population supported by world-class health and care services; and our values of voice, openness, integrity, challenge, empowerment.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Summary of the report

This has been another challenging year for the NHS Confederation and its members, but it has also been one of significant achievement. The health services in England, Wales and Northern Ireland where we operate were already experiencing extraordinary and unprecedented pressure when the COVID-19 pandemic hit the UK in February 2020. Despite the extra funding announced in 2018, the impact of ten years of no, or very low, growth together with a relentless increase in demand, had left many NHS services struggling to cope. With it came a realisation that only major changes in the way care was delivered would make the system sustainable for the benefit of patients in the years ahead.

On top of this, in the last few months of this financial year the NHS has been focused on one priority: the defeat of the virus. It has touched every part of the service and demanded new ways of working. The response from NHS and care staff, acknowledged in public recognition, has been remarkable and it has required both personal sacrifice and whole new ways of working. As it has become the all-encompassing focus for our members, so too has it become our top priority.

As a membership organisation, our role is to represent our members and to help them deliver the best possible care and support for their patients. We reach every NHS organisation in the jurisdictions we serve and, given the pandemic and this wider context in which they have been delivering care, we have sought to adapt our activity and our support in these uncertain times.

Before the virus arrived, there was a degree of consensus across the UK about the need for radical reform; a consensus which the Confederation has lobbied for and supported. There was agreement to develop more integrated services, to address a deep-seated workforce crisis, and to invest more in the community to enable patients to live healthier and more independent lives in their own homes. There was also agreement outside of governments that success would depend on more investment both in health and in social care.

The pandemic has not changed that fundamental argument. For the Confederation then, the need to make the case for more resources is essential if we are to see a set of effective and sustainable services. And it has been a strong theme again this year. Following the success of our seminal report on NHS funding in 2018, which we commissioned from the Institute for Fiscal Studies and the Health Foundation and which made the case for significant investment, we have continued to lobby for a major programme of capital funding together with serious investment in public health, social care, and training.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Without this, we and our members have argued that the laudable objectives set by politicians cannot be realised. In England, this case was articulated in our report, *Unfinished Business: The Need to Invest in the Whole Health and Care System*. There were signs of movement among the political parties during the UK 2019 General Election on these issues, and we used our *Fit for the Future* report, to set out our members' views on the key priorities for the new government. They were workforce, capital and social care.

At the same time in England, as the NHS has moved towards a more collaborative system-based operation, we have expanded to support the new elements of an emerging health service, and within our own structure we have ourselves moved to become an integrated organisation.

Throughout the past year though, across the UK we have been working alongside changing and challenged healthcare systems, each of which has been seeking to create more joined-up services. In each jurisdiction where we operate there are 'road maps' setting out the ambition of a more integrated future and we have worked with governments and our members to help bring this about. The strategies outlined in the NHS Long Term Plan (England), Health and Wellbeing 2026 (Northern Ireland) and A Healthier Wales, are all different from one another but essentially their purpose and solutions are similar.

This year we brought the four NHS systems in the UK together in Cardiff as the first step towards exploring whether we can find ways to learn more from each other. The event focused on integration and demonstrated clearly that while there are different structures and sometimes different approaches, there is so much we have in common and so much we can learn from each other, and these findings were noted in our report, *Integrating Healthcare Across the Devolved Nations: Key Learning*. We are committed to taking forward this idea of an NHS Forum.

The Welsh Confederation itself has continued to work closely with its members and the Welsh government. It has provided support to chairs, vice chairs and CEO peer groups, as well as executive directors. Among its many initiatives to promote good practice it has published regular briefings on *Implementing A Healthier Wales Across the NHS*. Its policy forum has continued to develop shared policy positions and to share intelligence across the system.

The Northern Ireland Confederation (NICON) hosted its most successful annual conference at the start of the 2019/20 year, bringing together large sections of the health and social care leadership across the province. There have been frustrations and obstacles given the absence of political leadership for much of the year, but the importance of a voice for the service and a place for leaders to convene has been amply demonstrated. The close relationship between

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

the Confederation and its members in Wales and Northern Ireland are good examples of what can be achieved in England, even though it is a much larger jurisdiction.

The Confederation has continued to play a major role through its NHS Employers arm in supporting every NHS provider in England on all aspects of staffing, and we have helped to develop the NHS People Plan including the way in which it will be implemented.

Among NHS Employers' work on the full range of staffing issues has been pay and contract reform on Agenda for Change, the junior doctors' contract review and proposed changes to specialty and associate specialist (SAS) doctors. We have worked behind the scenes to help develop new options to deliver greater flexibility to the NHS Pension Scheme. NHS Employers has also been active supporting trusts across England as they have coped with the pandemic. This has included creating and bringing together guidance for employers and collating advice and resources from other national bodies.

Workforce remains a top priority for everyone in the service and therefore for the whole Confederation. In the wake of the NHS Long Term Plan in England, we brought together integrated care system leaders and other partners to inform our work on the role of systems in workforce planning. The resulting report, *Defining the Role of Integrated Care Systems in Workforce Planning: A Draft Manifesto*, was widely welcomed and influenced (and was referenced in) the Interim NHS People Plan.

Alongside this support for employers, we have established three new networks reflecting the changing nature of the NHS in England. First, we have set up a network for the independent chairs of sustainability and transformation partnerships (STPs) and integrated care systems (ICSs). ICSs will become universal next year and each one will have an independent chair. These senior posts will therefore be key in taking forward the transformation in care for patients and we have already begun to make sure their voice is heard.

At the same time, we have established a network for STP and ICS executive leaders – every one of them will also be critical in driving through reform. Again, they want and need an independent voice and to be able to come together as a group and the Confederation has created the platform and facilities to deliver this. And thirdly we have set up a national network to support the new primary care networks (PCNs), which operated at neighbourhood level throughout England. This network is already providing a range of support for primary care networks and that includes creating an independent voice for PCN clinical directors. To support this effort, we are leading a coalition of partners to make sure that PCNs have access to the expertise, resources, and guidance they need as they establish themselves in their locality.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Feedback thus far from each of these initiatives has been extremely positive, and their ultimate purpose is the same: the development of joined-up services capable of intervening and supporting patients at the right time with the right interventions. We remain convinced that success depends on creating integrated services that cover primary, community, social and secondary care. These are early days but already we can see the positive impact and influence of these new parts of the Confederation.

Our existing networks in England have also risen to the challenge. NHS Clinical Commissioners has supported clinical commissioning groups as they have merged and has influenced the debate around the future of commissioning as it takes a more strategic focus. Its work on evidenced-based interventions has already helped to deliver significant savings, which will enable resources to be targeted where they are most effective for patients.

The Confederation's Mental Health Network continued to grow in the past 12 months, significantly increasing membership from the voluntary, community interest, and social enterprise sectors. The creation of the Digital Mental Health Forum also grew membership from the independent digital provider sector and is working with NHS England and NHS Improvement to drive the digital mental health agenda nationally. This year the network has continued to influence the implementation of the NHS Long Term Plan and the review of the Mental Health Act. The network successfully pivoted to support members and influence on their behalf in light of COVID-19, through a number of new, specialist forums encompassing the whole of MHN's membership.

In the last three years the Confederation has expanded its activity to support individual leaders as well as the organisations for which they work. The pressures on those operating at or close to board level within the NHS are probably greater than they have ever been, and the success of the service depends to a great degree on their ability, commitment and resilience. In the past year we have launched a new network for leaders from the BME community. The BME Leadership Network has been set up to improve understanding and the benefits of equality, diversity and inclusion, expand the number of BME leaders working in the NHS and support aspiring leaders from ethnic minorities.

Its first report, *Chairs and Non-Executives in the NHS: The Need for Diverse Leadership*, highlighted the lack of progress in non-executive board appointments. As a direct result of this work there is now a goal to increase the number and proportion of BME non-executives and senior leaders and a taskforce has been established to provide guidance to achieve this goal.

We have two other ongoing initiatives aimed at individual leaders. One is our self-directed programme to support the next generation of healthcare leaders, which this year brought in its fourth cohort. We also published a report from the first cohort, *Best Job in the World?* which set out their fresh approach to leadership, and the ways in which leaders are changing to meet new and different challenges.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The third programme in this area is the Confederation's Health and Care Women Leaders Network. This vibrant network is campaigning to achieve 50:50 representation on NHS boards and has become a strong force to create an inclusive service that identifies, nurtures and values the talent we employ. Among its recent activity has been a report on 20 senior women's journey to success in health and care and its campaigns Men as Allies and #WonderfulWomenDo.

A key element of our work again this year has been to bring together disparate organisations to highlight issues and help deliver policy change. We established and have led the Brexit Health Alliance, which brings together industry and the NHS, together with research, patient and professional groups. Working on behalf of the Alliance and the Confederation, our team has worked closely, largely behind the scenes, with officials across government to protect healthcare services and patient interests as the exit deal was shaped and to make sure that everything that could be done was done to prepare for a 'no deal' and make sure patients were protected. They have also worked closely with European organisations to influence the European Commission and to highlight the potential impact of decisions on the health and welfare of citizens and patients across Europe.

We also co-chair the Cavendish Coalition, which brings together health and social care organisations to make sure our current and future workforce is protected. Again, we are confident we have helped to influence UK government policy on areas such as immigration and in the assurances offered to staff working here from the rest of the EU. There is much more to do on the European issue, but we are encouraged that we have raised the profile of health in the negotiations and we have seen our key concerns addressed in the Withdrawal Agreement.

We have played a significant role in raising the profile of social care funding this year. We convened a coalition of 15 national health organisations who have joined forces as Health for Care to make the case for a sustainable social care system backed up by a long-term funding settlement. The impact of bringing together health leadership to argue for social care has been significant and we will continue to press government at the highest levels to address this vital issue that has such a major impact on the NHS.

Over the past year we have established a small regional team across England. Its role is to support members, convene different parts of the system, and transmit messages from the frontline back to the centre. The evidence suggests they are having a positive impact, providing access to learning and good practice, supporting relationships and leadership development and creating opportunities to influence national policy. In 2019/20 to date, they met more than 3,500 leaders.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

On 31 March we said goodbye to the Independent Healthcare Provider Network (IHPN), and welcomed IHPN Ltd. From that date, IHPN became a separate legal entity but is still part of the Confederation family, sharing our offices and working closely with us as partners.

The major deal announced on 21 March between the NHS and the independent sector was important not only because it expanded critical capacity, but also because it should, going forward, help the NHS deliver other urgent operations and cancer treatments. We are proud of IHPN's role in this and all they have done to support the fight against the virus.

Supporting members in 2020

The year ahead will be tough, but there is a real sense that the service knows and understands the direction in which it needs to go. COVID-19 has turned the NHS and social care upside down, but it has also brought about rapid and positive transformations at a time of already immense pressure and personal and professional challenge. Our members agree that whatever happens we must not go to back to where we came from. We must build on the progress made and helping the NHS to that new place must be our mission across the Confederation group. This is the focus of NHS Reset, our new campaign to shape the debate on what the health and care system should look like in the aftermath of the COVID-19 pandemic.

Bringing together members from across the NHS Confederation and wider partners in health and social care, NHS Reset aims to recognise the sacrifices and achievements of the COVID-19 period, rebuild local systems and reset the way we plan, commission and deliver health and care.

While the COVID-19 pandemic demands our primary focus, we will also continue to support our members in 2020 by highlighting all the issues they regard as crucial, convening partners locally and nationally to shape policy and drive through change.

Across the entire group we will continue to develop our new integrated member offer, which will support members to adapt to a new way of working that emphasises integration and system working. We will seek to help with the knowledge and information they need to find solutions to new challenges in a changing landscape.

For the foreseeable future, we are dealing with a majority administration in England that will bring both opportunities and challenges, but through all this it will be vital that we reflect accurately and with coherence and conviction the realities of what the service faces and how our members can be supported to manage the here and now, while creating services that are fit for the future and ensuring we are ready for any new challenges that may strike.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Key achievements in 2019/20

Our corporate strategy for 2019/20 was structured under six strategic objectives for each of our networks, countries, and directorates:

1. Transformation and integration.
2. Funding, finances and resources.
3. Workforce.
4. Leadership.
5. Equality, diversity and inclusion.
6. Fit-for-purpose organisation.

The group's work to achieve each of these objectives is highlighted in this section.

1. Transformation and integration

All parts of the NHS Confederation supported members with the transition to more collaborative working and to deliver the NHS Long Term Plan in England; Health and Wellbeing – Delivering Together 2026 in Northern Ireland; and a Healthier Wales in Wales.

In England, we adapted our support to match the new shape of the service at local level and undertook a number of activities to support local systems. At their request, we established a support network for the independent chairs of sustainability and transformation partnerships (STPs) and integrated care systems (ICSs). This came in addition to tailored support for ICS/STP programme directors, clinical leads, mental health leads, workforce leads, non-executive directors and lay members.

We also established a new national network for STP and ICS leaders, known as the ICS Network, which played a leading role in representing the voice of system leaders in 2019/20. The network was set up in response to feedback from ICS/ STP leaders across the NHS and local government. The network has helped to influence national decision-making on a number of issues, including accountability, systems' role in workforce planning, and NHS England and NHS Improvement's approach to 'system by default.'

In December 2019, the NHS Confederation launched a new network for primary care networks – the PCN Network – which represents a nascent but vital part of the health and care landscape in England. In its first three months, the network developed an engaged membership base and effectively represented the views of clinical directors. This has enabled

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

the network to secure changes to the Directed Enhanced Service (DES) specification and influence national decision-making at the height of the COVID-19 outbreak.

Our Community Network, established with NHS Providers, has provided a strong and unified national voice for community services in 2019/20, promoting their critical role in taking forward the NHS Long Term Plan and developing integrated health and care services. The network has lobbied for more investment in community services, for fairer pay arrangements and for better data.

Our Independent Healthcare Provider Network (IHPN) worked on behalf of the sector during the 2019 General Election campaign, successfully framing the debate around privatisation by highlighting the crucial additional capacity of independent providers.

Throughout the year IHPN worked to influence government, including giving evidence to the House of Commons Health and Social Care Committee on legislative proposals and influencing the debate on public procurement in the NHS through developing new figures on clinical commissioning groups' (CCG) use of tendering. The network led and coordinated the independent sector's work on patient safety in the context of the Paterson Inquiry, successfully handling the publication of the inquiry with an on-the-day response and an ongoing strategy to ensure the sector's progress in strengthening quality and safety is well understood.

NHS Clinical Commissioners (NHSCC) worked with members to gather a detailed national response to NHS England and NHS Improvement's proposals for legislative change to support integration. The network directly influenced the proposals around local accountability, simplifying procurement and the formation of joint committees, which were presented to the government in October 2019.

NHSCC has also worked with NHS England and NHS Improvement (NHSEI) to influence the overall programme and deliver six learning events and webinars, as well as developing a discussion guide with the Local Government Association (LGA) to support CCGs when discussing mergers with their local government colleagues.

Events held by our Mental Health Network (MHN) created foundations for lasting relationships between the statutory, third and independent sectors. Through the MHN, mental health leads from ICSs and STPs have regularly convened to share good practice and inform support for members during this transitional period.

In Northern Ireland, the Northern Ireland Confederation (NICON) held its biggest and most successful annual conference to date in April 2019, with 45 sessions over two days involving leaders, patients and key partners. NICON also hosted six discussion sessions during the year.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

In Wales, the Welsh NHS Confederation (WNHSC) provided programme management and administrative support to the chairs, vice chairs and CEO peer groups, as well as ten executive director peer groups. WNHSC supported over 200 meetings and developed a work programme that connected relevant professional and clinical peer groups to implement key system initiatives to encourage joint working across various parts of the system. Through over 40 briefings, WNHSC highlighted health and care system improvement, showcasing good practice and innovation in the NHS in Wales, including publishing the bi-monthly briefing, *Implementing A Healthier Wales Across the NHS*. The policy forum, comprising over 60 health and care organisations, continued to develop shared policy positions and share intelligence across the system.

In October 2019, the NHS Confederation brought together leaders from England, Wales, Scotland and Northern Ireland to consider the different approaches to integration being adopted across the four nations, as well as abroad. The gathering, the first from the newly formed NHS Forum, sought to create an environment in which senior leaders could share experiences of policy development and different strategic approaches, supporting systems to learn from each other and from systems across the globe.

Through our international programme, we were able to further enhance our relationships with Health Education England and NHSEI. We provided input and member insight into NHSEI's plans and communications, and supported their Brexit communications to the system. We brokered a knowledge exchange between NHSEI and the Ministry of Health Singapore, developed an international programme to profile NHS expertise and policy leadership around artificial intelligence, and developed a funded strategy for influencing EU GDPR code of conduct on processing data in the health sector, which brought in several UK government departments and arm's-length bodies. We were also successful in securing funding from NHSEI and HEE for the NHS Confederation's international work in 2020/21.

2. Funding, finances and resources

We founded the Health for Care coalition of 15 national health organisations, calling for a sustainable social care system backed by a long-term funding settlement. Over 150,000 members of the public signed our petition, and more than 130 parliamentary candidates took our pledge to help fix social care. We won an award for the campaign in December 2019. We also published reports based on polling of MPs and analysis of the social care funding gap.

Our report, *Unfinished Business*, published in June 2019, called on the government to provide the additional investment needed for social care, capital investment, education and training and public health in the forthcoming spending review. Our *Fit for the Future* report, based on the views of members and published before the General Election, set out priorities for the new government, emphasising the continued need for action on workforce, social care and capital.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

NHSCC partnered with NHSEI, the National Institute for Health and Care Excellence and the Academy of Medical Royal Colleges to launch the Evidence-Based Interventions (EBI) Programme in April 2019. The programme sought to reduce referrals for 17 surgical interventions that should not routinely be commissioned, or only commissioned in certain circumstances. The network supported this through events and webinars, and its EBI reference group enabled members to discuss challenges and share good practice.

Using evidence from NHSCC members, NHSEI was able to successfully negotiate some price reductions with pharmaceutical companies. The evidence pointed to significant increases in the price of the thyroid drug liothyronine, which affected clinicians' ability to prescribe the drug for patients who have been initiated in secondary care.

As part of a newly launched Housing and Mental Health Forum, the Mental Health Network worked with the statutory and third sector to develop a briefing titled Supported Housing: Improving Outcomes in Mental Health Patient Pathways. The briefing explored the impact that high-quality supported housing for people with mental health problems can have on patient outcomes, the patient pathway and NHS finances. It was based on the learning from several case studies of specialist mental health supported housing services. This report was due to be launched to a cross-sector gathering of health, care and housing professionals at the end of March 2020. This was disrupted due to the COVID-19 pandemic.

As part of the Mental Health Economics Collaborative, the Mental Health Network worked with NHSEI and the Centre for Mental Health to publish Bringing Care Back Home, which evaluated the new models of care for specialised children and young people's services that aim to improve outcomes for people in acute care. This report was written to inform the next phase of the new models of care approach being mainstreamed for specialised mental health, learning disability and autism services from April 2020.

IHPN highlighted the importance of concerted action to meet NHS waiting time commitments, which led to national efforts to utilise additional independent sector capacity with an additional £22 million of funding.

Opportunities for members to access the NHS market were delivered through IHPN's development of the Health Systems Support Framework and new frameworks on both insourcing and outsourcing, while a programme of work to create a new consultant information sharing system enabled better sharing of accurate information between different providers.

IHPN also worked with the Healthcare Quality Improvement Partnership to launch a project to ensure that independent providers can contribute to clinical audits.

In Northern Ireland, NICON continued to provide platforms and forums where these issues could be discussed in the context of our transformation agenda. Additionally, we partnered

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

with HFMA to seek to develop wider awareness of the key issues, running one key event for members and partners. During this period there was no government in place, devolution only being restored in January 2020.

Our international programme has helped the health sector to keep abreast of and capitalise on European funding opportunities. We alerted NHSEI to an opportunity for the NHS to access €555 million in funding from the EU Coronavirus Response Investment Initiative and also promoted NHSX as the best recipient of EU health programme funding for joint action on GDPR health sector use.

On behalf of members in Wales, the WNHSC actively participated in the Welsh Local Government Association/Welsh Government Strategic Partnership Review to consider the different partnership structures in Wales and to improve efficiency. As part of its Brexit programme, WNHSC published a briefing considering the EU funding coming to Wales post Brexit and, through a memorandum of understanding with the Arts Council of Wales, raised awareness of the benefits the arts can bring to health and wellbeing and supported the Arts Council to invest in arts coordinator posts.

On Brexit, we identified a risk of NHS EU research funding not being guaranteed by the Treasury in the case of a no-deal Brexit, and subsequently secured that guarantee.

The Confederation has kept members informed of the opportunities available to them as anchor institutions. Briefings have focused on how NHS bodies can be involved in local industrial strategies, and on making the most of the Town Fund. In December 2019, we teamed up with Yorkshire Universities and Yorkshire and Humber AHSN to host the YHealth for Growth conference.

When the pay uplifts for Agenda for Change staff were confirmed, it became apparent that posts providing local-authority-funded NHS services beyond 2020/21 had not been included by the national bodies. The Community Network raised concerns with NHSEI and the Department of Health and Social Care (DHSC) over the impacts of this issue, which would have been felt across the sector.

As a result of our efforts, the national bodies acknowledged this is an issue and agreed that the uplift for these staff would be centrally funded. Funding for 2019/20 was confirmed in September's Spending Round, and we are continuing to push for clarity on what the recently announced uplift in the public health grant will mean for providers of community services in future years.

3. Workforce

In England, we helped to develop the NHS People Plan and NHS Employers continued to

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

represent the views of employers. We also ensured we supported the development and delivery of the workforce implementation plan within the NHS Long Term Plan.

The ICS Network's inaugural report, Accelerating Transformation, considered the three key obstacles hindering effective 'engine-room' working in local systems and sought to influence NHSEI to establish sustainable staffing models.

Growing Our Own Future, the ICS Network's second publication, made the case for local systems to have more control over workforce planning. This is now being taken forward by NHSEI.

NHS Employers continued to support the pay and contract reform on Agenda for Change and the junior doctors' contract review, and proposed changes for specialty and associate specialist (SAS) doctors. The organisation used its influence with stakeholders and government to create a persuasive argument for new options that will deliver greater flexibility of current NHS Pension Scheme arrangements to support a more modern employment proposition. It also continued to support, influence and inform issues around workforce supply, while performing stocktakes of the Social Partnership Forum and NHS Staff Council governance frameworks.

Following feedback from members, NHSCC benchmarked pay levels for very senior managers (VSM), producing resources to help support HR staff in CCGs when setting VSM pay.

The Mental Health Network worked in partnership with NHS Employers and the Nuffield Trust on a new research project titled Training Mental Health Nurses: Exploring the Factors Influencing Demand for Mental Health Nurse Training. The overall aim of the six-month research project (October 2019 – April 2020) was to support an increase in the supply of mental health nurses into the NHS.

The project group has held two cross-sector steering committee meetings, and the final launch will recommend a series of small and large steps that will help address several issues affecting the supply and experience of mental health nurses in England. The final report's release has been delayed due to the COVID-19 outbreak.

IHPN drove the independent sector's workforce agenda, including Workforce Race Equality Standard (WRES) and Workforce Minimum Data Set (WMDS), and the network's involvement in developing the NHS People Plan ensured it would be relevant to the full range of independent providers of NHS services.

In Northern Ireland, NICON hosted an event with Danny Mortimer and HR directors to consider best practice in retention, recruitment and agency staffing, and hosted a member discussion session on strategic workforce planning.

NHS Wales Employers has supported colleagues and represented NHS Wales at key strategic meetings, including the Workforce Partnership Council and the Welsh Partnership Forum, and

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

facilitated and supported the delivery of a number of joint partnership priorities. NHS Wales Employers identified best practice and developed appropriate learning and development among workforce and operational delivery practitioners and trade union colleagues. They continued to lead on and facilitate the review of policies and procedures, in line with the timetable agreed by the Welsh Partnership Forum, and provided support to the workforce and organisational development directors peer group and both assistant director groups.

Our international programme influenced government plans on post-Brexit UK immigration policy to help ensure adequate supply of NHS workforce. It also worked with NHS Employers, the arm's-length bodies and trade unions to improve implementation of the EU Directive to protect healthcare workers from sharps injuries, and to influence upcoming EU legislation on protecting workers from hazardous drugs.

The programme also contributed to shaping the NHS international volunteering group strategy, run by Health Education England. Additionally, it secured the opportunity for Health Education England's head of digital readiness to join a European project and showcase activities in two EU-level webinars on digitalisation of the workforce and future developments.

4. Leadership

More than 30 first-time chief executives benefited from our learning and support programme in 2019/20, with a fourth cohort launched in March 2020. Our June 2019 report, the Best Job in the World? curated the reflections of nine new NHS chief executives, with tenures from 18 months to two-and-a-half years.

The Mental Health Network established an Aspiring Director of Mental Health Nursing Forum (15 individuals) in partnership with the National Nurse Directors Forum. It held three masterclass events that included presentations from senior NHS Confederation leaders (Niall Dickson and Danny Mortimer) and wider stakeholders (Claire Murdoch, Sara Munro, Sarah Hughes). One individual has successfully been appointed to a director of nursing position and another has been made permanent in their role of associate director of mental health. A second cohort has been successfully recruited for a second forum to run in 20/21.

NICON facilitated ten leadership meetings throughout the year, including a session in which Northern Ireland HSC (Health and Social Care) chief executives hosted a sharing visit with the English New Chief Executives Forum. NICON also supported the work of the HSC Chairs Forum, specifically hosting an event on governance good practice and a consultation on the development of an HSC governance handbook. A key element of NICON's work is seeking to develop a move to a greater governance partnership approach, in line with changing governance practice across the public sector in Northern Ireland.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The Welsh NHS Confederation put forward system-wide responses on behalf of members to more than ten National Assembly inquiries and Welsh Government consultations, being mentioned more than 40 times in the Assembly. WNHSC also supported over 90 NHS Wales representatives to provide oral evidence to committee inquiries on a wide range of key policy areas, including the Health and Social Care (Quality and Engagement) (Wales) Bill and the Children (Abolition of Defence of Reasonable Punishment) (Wales) Bill.

As part of the Welsh Government EU Transition Grant, WNHSC kept members informed of developments and issued 13 publications, including FAQs endorsed by the Welsh Government and Welsh Local Government Association and ADSS Cymru. WNHSC emphasised the need for NHS representation on key Welsh Government meetings, including the Health and Social Services Brexit Communications groups, to highlight concern and the mechanisms available for messages to be communicated.

Our international programme provided international health system leadership on behalf of the UK and NHS, including at the European Commission, at WHO China, WHO Executive Board, at HOPE (European Hospital and Healthcare Federation / Hospitals for Europe) and International Hospital Federation (IHF) Boards. We also chair a European Hospital and Healthcare Employers' Association (HOSPEEM) working group to coordinate action on issues relevant to the NHS. These issues include updating EU-wide minimum standards of nurse education and training; reviewing the implementation of the Sharps Directive; and upcoming legislation on hazardous drugs used in cancer treatment.

Our leadership of the Brexit Health Alliance achieved sector-wide consensus on key Brexit issues. Our analysis and influence led to key asks being reflected in the Withdrawal Agreement, underpinning the government's approach to health in post-Brexit trade and influencing the UK's approach to post-Brexit immigration to meet NHS workforce needs.

Our facilitation of a European health stakeholders' group successfully delivered an EU-wide position paper and a European Parliament event that influenced the EU political discussion about safeguarding patients in Brexit.

5. Equality, diversity and inclusion

The BME Leadership Network, now just over a year old, has played a role in helping to improve and sustain the number of black and minority ethnic (BME) leaders working in the NHS, working closely with NHSEI and a range of partners. This includes collating and highlighting data revealing the lack of BME representation among STP and ICS chairs. This was shared with NHSEI and led to changes to work being developed by the organisation's primary care and system transformation team.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The network is working with its growing membership, supporters and partners to improve understanding of equality, diversity and inclusion and how it helps to deliver better care for all. Alongside the wider NHS Confederation, the BME Leadership Network is working with NHS.

England and NHS Improvement to address the disproportionate impact of COVID-19 on BME communities and health and care staff.

In February 2020, the network launched an independent taskforce to help NHS organisations increase non-executive diversity on their boards and governing bodies. This enacted a recommendation in the network's June 2019 report, which showed that NHS chairs and non-executive directors are insufficiently diverse across gender, race, disability and age to be as effective as they need to be. Following the report, NHSEI asked boards to set targets for implementing improvements to BME representation at senior level and across the workforce pipeline.

The Mental Health Network has been leading a programme of work to increase the visibility and support to the LGBTQ+ mental health workforce. This involved a series of podcasts and a dinner for leaders to raise awareness of this topic and agree steps that could be taken. The NHS Confederation group is currently looking to establish a national forum focusing on the LGBTQ+ workforce, similar to the Health and Care Women Leaders Network and the BME Leadership Network.

Service-user involvement is critical in all activities the MHN undertakes. The network has three service user and or/carer representatives on its advisory board, and all panels at its annual conference in March 2020 involved a service-user perspective.

Our Health and Care Women Leaders Network now has more than 1,300 members and ran a successful conference in November, launching the #WonderfulWomenDo campaign and sharing the career journeys of more than 20 senior women working in and with the NHS.

In Wales, WNHSC highlighted the significant work that the NHS in Wales is doing to implement the seven wellbeing goals within the Wellbeing of Future Generations (Wales) Act. This was achieved through publishing a briefing, having regular meetings with the Future Generations Commissioner and arranging a session with the Commissioner's office for NHS leaders in Northern Ireland and Scotland to encourage understanding of the Act before the NHS Confederation's NHS Forum. In addition, WNHSC met regularly with the Older People's Commissioner, the Children's Commissioner and the Welsh Language Commissioner to share good practice and discuss any issues.

Throughout the year, NICON took a proactive approach to include key groups in its work, and there were some early exploratory conversations to partner on some activities of the Women Leaders Network. We also had planned a visit of the BME network leaders to Belfast to consider our robust equality legislation, but this did not happen due to the COVID-19 pandemic. These issues will be further explored in the coming year.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

6. Fit-for-purpose organisation

Throughout 2019-20, the Confed group delivered 96 events attracting more than 8,300 delegates, largely drawn from our members. While many of these events generated income through delegate fees and sponsorship and exhibition income, they are also an important strand of our member engagement activity. Our flagship annual conference, Confed19, attracted around 2,000 delegates and at this event we launched the new NHS ConfedExpo – a merger of the Confed's annual conference and NHSEI's Health and Care Innovation Expo.

NHS Clinical Commissioners has retained its level of membership at over 90 per cent of CCGs and brought on board new members, all while reducing membership fees by 10 per cent. The NHSCC chief executive has also been a key contributor to the shaping and development of the new Confed integrated membership offer, ensuring a strong ongoing clinical commissioning voice across the new set of offers, but also ensuring that our national membership offers mirror the expectations being placed upon members to work in a more collaborative and integrated manner.

The Mental Health Network has retained its level of membership at over 95 per cent of statutory trusts and has also brought in new members from the voluntary and independent sector. Income from MHN membership grew, alongside members paying their fees more quickly in the financial year, reflecting an improved renewal process.

IHPN ran a strong programme of member events throughout the year, including the three sector groups, clinical forum, HR directors' forum, digital leaders' forum, and communications forum. The network's annual summit in November 2019 drew a wide range of high-quality speakers and once again fulfilled its function as the main event in the calendar for discussion of independent healthcare policy. A new Quality Summit, launched in partnership with the CQC, provided an opportunity for members to come together and work through an agenda focused on safety, quality and governance in the sector.

In Northern Ireland, additional income was raised from a very successful annual conference as well as through NICON's associate membership scheme, which allows over 45 organisations access to NICON's services. NICON also facilitated the NI Public Sector Chairs' Forum, which supports wider influencing work and brings in additional income.

The Welsh NHS Confederation continues to be the only national membership body representing all the organisations comprising the NHS in Wales. All members paid their membership fees within the first quarter and income predominately comes from these fees, with additional income coming from the Welsh Government Brexit Transition Grant and the annual conference and events. The 2019 WNHSC annual conference was attended by over 300 leaders from across the health and social care sector.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The international programme secured a new contract from the Wellcome Trust and a grade A secondment from the Department for Business, Energy and Industrial Strategy. The programme also maintained contracts from NHSEI and HEE and secured grants from members of the Brexit Health Alliance.

We upgraded our IT systems during the year, enhanced our cybersecurity and rolled out mobile technology to all staff. These measures facilitated a smooth transition to homeworking when the COVID-19 lockdown was announced.

We moved to smaller premises in London and Leeds to improve cost effectiveness. In London, we are now co-located with the Local Government Association (LGA) and the Association of Directors of Adult Social Services (ADASS), which should improve existing collaborations.

Plans for 2020/21

While COVID-19 has turned the NHS and social care upside down, our members agree that we must build on the progress made and helping the NHS to that new place must be our mission across the Confederation group. This is the focus of NHS Reset, our new campaign to shape the debate on what the health and care system should look like in the aftermath of the pandemic.

NHS Reset aims to recognise the sacrifices and achievements of the COVID-19 period, rebuild local systems and reset the way we plan, commission and deliver health and care.

While the COVID-19 pandemic demands our primary focus, we will also continue to support our members in 2020 by highlighting all the issues they regard as crucial, convening partners locally and nationally to shape policy and drive through change.

Just as the NHS is adapting and reforming, the Confederation also continues to adapt and reform our service, and our new chair Lord Adebawale will be leading us during this period.

Throughout this coming year it will be vital that we reflect accurately and with coherence and conviction the realities of what the service faces and how our members can be supported to deliver this incredibly challenging agenda.

We will do everything we can to support our members in achieving that outcome in the year ahead.

Across the group, our objectives for 2020/21 reflect this commitment.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

1. Transformation and integration

We will continue to support our provider members in England to implement the NHS Long Term Plan and to navigate system transformation. We will ensure the role and voice of providers plays a key part in the development of our new membership networks for integrated care systems and primary care networks, bringing leaders from across the system together to develop solutions to shared challenges. We are in the process of launching an acute care collaboration and transformation leads network to support leaders delivering transformational change or collaboration across acute and community care, which will meet quarterly.

NHSCC has committed to influencing the direction of future national policy at the highest levels for CCGs as part of the NHS Long Term Plan. This involves influencing the transition towards NHSEI's 'system by default' operating model and ICS development. NHSCC will also support CCGs to navigate the transition programme through being a key delivery partner on the CCG mergers programme, and working with NHSEI on the implementation of the legislative proposals.

NHSCC will also be working closely with the Confederation's PCN Network to ensure it effectively influences the future direction of the out-of-hospital care offer in line with the NHS Long Term Plan, supporting CCGs to identify their role in the development of PCNs and primary care planning.

NHSCC's National Ambulance Commissioners' Network and Mental Health Commissioners Network is continuing to work alongside the Association for Ambulance Chief Executives and other stakeholders to influence NHSEI's work on ambulances and mental health. The network plans to expand its remit to cover integrated urgent and emergency services, to bring together commissioners working in 999, NHS 111 and out-of-hours services.

Our Mental Health Network will work with the wider Confederation to host events for the STP/ICS Mental Health Leads Network, in order to influence the shifting NHS landscape to ensure it maintains parity of esteem for mental health and learning disabilities.

The annual MHN conference will provide an opportunity to support leaders to focus on the future of mental health and learning disabilities. Through a wide range of sessions, exhibition space and networking opportunities, it will provide a platform for leaders within the mental health sector to engage with members on the trends, priorities and future of mental health policy and practice.

WNHSC will actively support members to deliver the vision set out in A Healthier Wales through regular briefings and communications. As part of Senedd election work, WNHSC will be calling for all the political parties to continue to implement the vision within the NHS Long Term Plan and highlight the barriers, but also offer solutions, to transformation.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The 2020 NICON conference and discussion events are set to focus on the key themes within transformation.

2. Funding, finances and resources

In the coming year we will continue to make the case for greater financial autonomy from the centre for members and systems as part of a new financial regime.

The Mental Health Network will continue to make the case for a fair funding settlement for mental health and greater investment in mental health research.

The network will also support organisations to use economics and economic analysis to improve services and care pathways through the established Mental Health Economics Collaborative, which is a collaborative of the MHN, Centre for Mental Health and LSE.

WNHSC, as part of Senedd elections work, will highlight the economic impact that the NHS has on communities and the local population. While over 50 per cent of the Welsh Government budget is spent on health and social care, WNHSC will work with the Welsh Local Government Association and wider public sector bodies to highlight the importance of investing in preventative measures and having a health in all policies approach, as required in the Wellbeing of Future Generations Act.

NICON will continue to make the case for additional funding and system reform to ensure existing funds can be better allocated to improve health outcomes. Mental health funding and social care investment will be key themes for NICON, together with funding for supporting transformation.

On an international platform, we will seek to maximise access for the NHS to European and international funding and resources and communicate these opportunities to members, while supporting members to develop commercial functions that generate resources for the NHS.

3. Workforce

This remains a major concern for members and we will continue to play a lead role in shaping workforce strategy and policy. Through NHS Employers and the rest of the NHS Confederation, we will support the delivery of the NHS People Plan and we will push for more control of workforce planning to be delegated to local systems.

NHS Employers in particular will continue to have strong and effective mechanisms for engaging employers and reflecting their views to the health system and government, while

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

providing thought leadership on key developments in the area of pay and reward, terms and conditions of service and pensions.

NHSCC's HR and OD Forum will continue to influence NHSEI and encourage them to develop guidance on pay scales that are appropriate for CCGs as well as for providers. The forum will also continue to influence the NHS Staff Survey to ensure it is relevant to CCGs and encourages them to carry out the survey and share data.

We will support members to recruit and retain a strong, supported and fit-for-purpose mental health workforce by providing space to work with and through MHN forums, and will support the learning, development and wellbeing of the workforce across our members with a particular focus on increasing diversity at senior levels of the mental health workforce.

Workforce issues also remain a priority in Northern Ireland, and NICON will work with its HR directors group to support best practice work and a major recruitment drive.

With trade unions and Welsh Government partners, NHS Wales Employers will continue to coordinate and represent the interest of NHS employers and lead on changes to workforce terms and conditions and the development of new policies. NHS Wales Employers is playing a key role in developing and updating Q&A documents relating to COVID-19, while Wales' Brexit Programme will work closely with NHS Wales Employers to consider the possible workforce implications of the Immigration Bill.

Internationally, we will influence relevant EU law and EU exit arrangements to benefit the NHS workforce, while showcasing good UK workforce practice internationally and enabling the NHS to learn from international good practice.

4. Equality, diversity and inclusion

We have been commissioned by NHS England and NHS Improvement to lead a taskforce that will support the NHS to increase non-executive diversity and deliver lasting improvements in the composition of NHS boards and governing bodies. An immediate priority for the taskforce will be to develop an equalities, diversity and inclusion framework by December 2020, which will be used by the NHS to recruit and retain its non-executive directors including chairs of NHS organisations. Alongside this, we will publish a report that examines the progress the NHS is making towards equal gender representation on boards by 2020. This is an update to a report we commissioned Professor Ruth Sealy of the University of Exeter Business School to undertake in 2017.

NICON will host a visit of the BME Leadership Network and will take this as an opportunity to bring closer attention in Northern Ireland to some of the key issues.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The Welsh NHS Confederation will continue to respect the principles of equality, diversity and inclusion, which includes the Welsh language and accessibility for people living in rural Wales and deprived communities.

We are also set to launch a new network for LGBTQ+ leaders in health and care, which will aim to increase the visibility of LGBTQ+ staff on boards and in senior leadership across health and care; improve the experience of LGBTQ+ staff across all NHS organisations, and improve the experience of LGBTQ+ patients.

Across the group we will continue our work to ensure our board and other key stakeholders engaged in our work are reflective of the communities our members serve.

5. Leadership

Across the group we will continue to create and sustain the leadership cultures necessary for outstanding performance and the big service changes set out in the NHS Long Term Plan.

NHSCC will be launching a clinical commissioning leadership offer to give more support to clinical leaders in the newly integrated NHS systems.

NICON will continue to host six leadership events, focusing on creating space to involve a wider set of director groupings. Members have also expressed a wish to use the NICON space to create an opportunity for greater system working and innovation, and this will be explored in the coming year.

In preparation for the Senedd elections in May 2021, the Welsh NHS Confederation will support and represent members through developing an election briefing to ensure that calls are considered in the development of Welsh political parties' manifestos. WNHSC will publish an engagement plan for members to liaise with candidates and will continue to support peer groups to provide a system leadership voice on key strategic issues and articulate effectively their national position to Welsh Government and to the media.

We will provide international health system leadership on behalf of the UK by representing the UK at HOPE, IHF and other international organisations, including the International Post-Covid Taskforce, and inputting NHS insight and expertise to multilateral organisations.

We will continue to represent NHS and health sector interests in the negotiations of the UK's future relationship with the EU and in future trade deals, and communicate changes to the NHS.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

6. Fit-for-purpose organisation

All areas of the group will continue to help shape an integrated member offer ready for 2021, which builds on the existing elements of membership that they value and opens up the wider benefits of NHS Confederation membership to them. The offer will bring CCG members closer to other Confederation members where they have similar interests and can work more closely together, reflecting how constituencies will increasingly work together within integrated care systems.

The group will work together to renew our membership fee structure and develop a sustainable financial model for the future.

Working closely with the commercial team, we will focus on developing long-term relationships to increase sponsorship and partnership across the group.

Over the year ahead, NICON will seek to develop business activities, investing in associate membership and the annual conference, and will continue to deliver the contract with the Northern Ireland Public Sector Communications Forum to ensure sustainability.

NICON will also work with the commercial team to access any further opportunities for additional funding.

WNHSC will continue to deliver and develop its annual conference and the Brexit Support Programme, including submitting quarterly reports to Welsh Government and WNHSC's management board. Through promoting its work for members, WNHSC will strengthen and reinforce its value to ensure full membership is retained, including promoting WNHSC to future NHS organisations being established in Wales.

The NHS European Office will formally evolve to become the NHS International Office and develop a strategy for operating in a post-Brexit world. The NHS International Office will contribute to the integrated member offer and provide all NHS Confederation members with a unique opportunity to learn from and engage with international health and care organisations.

Planned for June 2020 and free to NHS delegates, NHS ConfedExpo had already attracted over 2,500 bookings and had reached our original commercial income target three months ahead of the event date. The conference was on track to sell out of all sponsorship and exhibition packages. However, in light of the COVID-19 pandemic, in partnership with NHS England and NHS Improvement, we took the decision to cancel the inaugural NHS ConfedExpo. The event has been rescheduled and we look forward to delivering NHSConfedExpo in June 2021. This project has significantly increased the number of commercial partners that we have developed relationships with for future partnerships.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Due to the impact of COVID-19 on our income, we made savings across the organisation and have implemented tighter controls on expenditure. There is an increased focus on cash and forecasting, and managing risks to income.

Structure, governance and management

The charity is a company limited by guarantee which was incorporated on 23 January 2002. It is governed by its memorandum and articles of association, as amended on 4 December 2019.

The charity has a subsidiary company called The NHS Confederation (Services) Company Limited incorporated as a private company limited by guarantee (Company Number: 05252407).

About us

The NHS Confederation is an independent membership body, and membership is open to any statutory NHS or health and social care service organisation within the UK, and any other health or social care body that is approved by the board of trustees. Our membership is drawn from the full breadth of organisations that oversee, commission and provide healthcare services in England, Wales, and Northern Ireland, including acute and community trusts, clinical commissioning groups, mental health trusts, independent providers and statutory NHS bodies in Northern Ireland and Wales. We also represent ambulance trusts through the Association of Ambulance Chief Executives, which is a corporate member.

The NHS Confederation helps its members commission and deliver high-quality, patient-focused care for the public by enabling them to learn from each other, acting as their public voice and the voice of the whole health care system and helping to shape the system in which they operate. We do this by providing strong voices for our members through the different networks and countries that form the Confederation, including NHS Clinical Commissioners, the Independent Healthcare Providers Network, the Mental Health Network, the Welsh NHS Confederation and the Northern Ireland Confederation.

All of our work is underpinned and driven by our vision of an empowered, healthy population supported by world-class health and care services.

The trustees confirm they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

Board of trustees

The articles of association state there should be at least 10 trustees with network and country arrangements appointing a trustee to sit on the board, in accordance with the relevant constitutional and management arrangement for each.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Trustees have the power to appoint further trustees who are members of the board of, or senior executives of a member organisation of the NHS Confederation. A special resolution passed at the General Meeting on 4 December 2019 enabled the charity's articles of association to be amended and allows the board to also co-opt up to three trustees who are not from member organisations.

The chair of the board is recruited through an open recruitment process and appointed by the board.

Chair recruitment

Following a successful recruitment process, the NHS Confederation announced in December 2019 that the board had appointed Lord Victor Adebawale as its new chair. Victor Adebawale, previously chief executive of social enterprise Turning Point, started his role on 27 April 2020.

Dr Owen Williams served as interim chair from 23 May to 12 June 2019 when chair Stephen Dorrell stood in the European elections. Sir Andrew Cash served as interim chair until 26 April 2020 after Stephen Dorrell resigned from his post on 8 November 2019.

Induction of new trustees

New trustees are offered a personal induction tailored to their needs. Once appointed we ensure they have all the information they need to understand their role and duties as a charity trustee, and in particular the importance of acting in the best interests of the charity as a whole. Trustees are drawn, in the main, from chairs and chief executives of our member organisations and are therefore already familiar with board procedures, the activities of the NHS Confederation and the wider context within which we, and our members, operate. From time to time our lawyers or other advisors are invited to attend a trustee board meeting to update trustees on charity governance issues and remind the board of their legal and fiduciary duties.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Strategic report

Trustees

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements, were as follows:

Lord Victor Adebawale, Chair	(appointed 27 April 2020)
Sir Andrew Cash, Vice Chair	(Interim Chair from 8 November 2019 to 26 April 2020)
Dr Owen Williams, Vice Chair	(Interim Chair from 23 May 2019 to 12 June 2019)
Dr Antony Stevens	(resigned 31 March 2020)
Dr Graham Jackson	
Jennifer Ruth Poole	
Jim Easton	(resigned 31 March 2020)
Julia Hickey	
Michael Bloomfield	(appointed 23 April 2020)
Paul Jenkins	
Prem Singh, Senior Independent Trustee	
Rt Hon Stephen Dorrell, Chair	(resigned 8 November 2019; also temporarily stepped down for European Parliament elections, 23 May to 12 June 2019)
Prof. Vivienne Burnet	

Attendance of trustees at NHS Confederation board meetings

The board of trustees met five times on the following dates: 23 May, 18 July, 19 September, 5 December 2019, and 19 March 2020. Attendance is recorded for the meetings that trustees were eligible to attend.

Name	Attendance
Rt. Hon. Stephen Dorrell	2/2
Sir Andrew Cash	2/5
Jim Easton	2/5
Prof. Vivienne Burnet	2/5
Julia Hickey	5/5
Dr Graham Jackson	5/5
Paul Jenkins	5/5
Jennifer Ruth Poole	4/5
Prem Singh	4/5
Dr Antony Stevens	3/5
Dr Owen Williams	4/5

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Scheme of delegation

A scheme of delegation lays out the respective responsibilities of the trustees, and those delegated to the board's sub-committees, senior management and staff. This, together with full set of operational policies and procedures, determines the conduct of senior management and other employees.

Committees of the board

The board has three committees: the audit committee, the remuneration committee and the investment committee.

The audit committee is comprised of three trustees and two independent members who are not trustees. The committee is responsible for advising the board of trustees on the strategic processes for risk, control and governance; overseeing internal and external audit; corporate policies; and preparation of the annual report and accounts of the organisation. The committee is chaired by Julia Hickey. Independent member Roger Swain and trustee member Antony Stevens resigned in December 2019 and March 2020 respectively, and Mark Stevenson was appointed as an independent member in 2020.

Audit committee members	Attendance
Julia Hickey (Chair)	4/4
Antony Stevens – to 31 March 2020	3/4
Paul Jenkins - from 18 July 2019	3/4
Michael Bloomfield – from 21 May 2020	n/a
Liz May (independent)	3/4
Roger Swain (independent) – to 4 December 2019	2/2
Mark Stevenson (independent) – from March 2020	n/a

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The remuneration committee is comprised of three trustees and is chaired by Dr Owen Williams. The committee is responsible for determining the executive pay framework and agreeing specific recommendations relating to executive pay; determining the policy for and scope of the annual cost of living or performance-related award for all NHS Confederation staff, and ensuring that application of this remuneration policy is equitable, fair and transparent; ensuring that contractual terms on termination and any payments made are fair to the individual and the organisation and that failure is not rewarded; and reviewing remuneration trends across the organisation. The committee met three times during 2019/20.

Remuneration committee	Meetings attended
Dr Owen Williams (Chair)	2/3
Julia Hickey	3/3
Dr Graham Jackson	3/3

The investment committee is comprised of two trustees. Independent members who are not trustees can be appointed to bring specialist skills. The committee provides oversight of the NHS Confederation's investment portfolio on behalf of the board of trustees. The committee's role is one of strategic direction and oversight of the organisation's investment assets. Jim Easton chaired the committee from July 2019 to March 2020 when his term ended on account of IHPN's demerger. Independent member Suneet Kumar and trustee member Dr Owen Williams were appointed in February 2020 and April 2020 respectively. The committee met once in 2019/20.

Investment committee	Meetings attended
Jim Easton (Chair) – to 31 March 2020	1/1
Julia Hickey	1/1
Dr Owen Williams – from 23 April 2020	n/a
Suneet Kumar (independent) – from March 2020	n/a

Network and country boards

The board of trustees delegate specific powers to the boards of the networks and countries through the articles of association, scheme of delegation and individual compacts that are in place with each. Each network and country arrangement is entitled to manage its own affairs,

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

subject to the reasonable requirement of the trustees. The trustees reserve the right to intervene if decisions made are seen to create financial, legal or reputational risks for the charity.

IHPN demerger

Following a strategic review and board strategy session in September 2018, the NHS Confederation began developing a new membership model reflective of the changes taking place within the NHS as it shifts towards integrated care systems and primary care networks.

Independent Healthcare Providers Network (IHPN) was an integral part of the NHS Confederation. Its members provided healthcare services in partnership with the NHS, and with some members only providing privately funded services. In 2018, NHS Partners Network changed their name to IHPN to reflect their membership who deliver services to NHS and private patients.

Noting IHPN members' desire for greater operational autonomy and the NHS Confederation's desire for developing a more integrated membership model, the board approved IHPN's decision to demerge from the Confederation and work through an independent legal entity, Independent Healthcare Providers Network (IHPN) Limited from 1 April 2020.

IHPN staff were TUPE transferred into the new legal entity and existing contracts for service were novated across. IHPN Ltd is a corporate member of the NHS Confederation.

Pensions and remuneration package

The organisation operates three pension schemes.

The NHS Confederation maintains access to the NHS Pension Scheme (for a maximum of five years) and the Civil Service Pension Schemes for staff who are recruited from these sectors and already contribute to these defined benefit schemes. The organisation contributes 14.38% to the NHS Pension Scheme and 20.9% to 24.5% to the Civil Service Scheme. 30 staff are on the NHS Pension Scheme and 15 are in the Civil Service Scheme.

The organisation makes a contribution of either 6% or 9% (staff contributing 3% or 6%) to a defined contribution pension scheme for all other employees who wish to receive it.

There are also a range of other benefits available to all employees including flexible working; non-contributory life assurance cover; season ticket loans; childcare vouchers and a cycle to work scheme (via a salary sacrifice scheme).

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Chief executive and director pay

The remuneration committee is responsible for setting the pay for the chief executive and directors. A framework based on the Hay job evaluation model is used to determine the range of director and chief executive pay and total remuneration is agreed by the remuneration committee.

Related parties

Sir Andrew Cash's term as interim chair was remunerated through invoice payments made to Unique Health Solutions, a management consultancy firm of which he is a director.

Dr Graham Jackson's practice, Whitehill Surgery, is recompensed for his time spent working for the NHS Confederation to allow them to backfill his time away from practice business and direct patient care.

The NHS Confederation is the sole member of the trading subsidiary, NHS Confederation (Services) Company Limited, registered company number 05252407. The company exists to provide a range of non-charitable activities on behalf of the NHS Confederation, including:

- organising and delivering the NHS Confederation annual conference and exhibition
- a range of other conferences and events
- delivering sponsorship and exhibition services for the NHS Confederation and third parties
- entering into joint ventures or similar

The directors of the subsidiary company are Jennifer Ruth Poole (trustee), Niall Dickson (chief executive, NHS Confederation), and Jonathan Morris (non-executive director). Rohan Hewavisenti (director of finance and corporate services) resigned on 10 July 2020; Elaine Walder (director of commercial and business development) resigned on 31 July 2019.

A contract is in place between the charity and trading subsidiary, which pays a management fee and gift aids its profits to the charity.

The NHS Confederation has no financial or controlling interest in any other organisation.

Trustee remuneration

In accordance with the articles of association and the permission granted by the Charity Commission, the NHS Confederation chair/ interim chair is remunerated at £50,000 per annum

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

for two to three days per week. The senior independent trustee is responsible for liaising with the other trustees to set the annual objectives for the chair and for reviewing performance annually.

As detailed above in related parties, an agreement is in place with Dr Graham Jackson's practice, Whitehill Surgery, to provide recompense for his time spent as the chair of NHS Clinical Commissioners and work with the PCN and ICS Networks. The payment provides backfill for his clinical role at the surgery and the agreement is reviewed on an annual basis.

No other trustees received remuneration for their services. Expenses incurred by trustees while on NHS Confederation business and reimbursements during the year amounted to £4,436 (2019: £7,833) which related to travel, accommodation, and subsistence.

Governance review

The membership model of the NHS Confederation in England is changing to reflect the new health service landscape. In light of these changes, there was a need to review the governance of the charity to make sure it reflects and represents its evolving membership base.

At the 5 December 2019 meeting, the board of trustees established a task and finish group chaired by Andrew Cash to develop a revised governance model. Following two meetings, a set of draft proposals were put to the board on 19 March 2020. A final proposal will go to the board on 16 July 2020 complemented by consultation with members and partners.

Data protection

The NHS Confederation is fully committed to meeting the requirements of the Data Protection Act 2018 and the General Data Protection Regulation (EU) 2016/679 (GDPR). We appointed a Data Protection Project Manager in 2019 and set up a cross-organisational GDPR Steering Group to oversee delivery and ensure that regular reports were provided to the group executive and audit committee, and where required, escalation to the board of trustees.

Mandatory data protection training for staff and trustees was delivered through an e-learning module. Further to internal audit recommendations, appropriate technical and organisational measures were put in place to implement data protection principles. As of February 2020, the Information Commissioner's Office Controllers' self-assessment checklist showed that the organisation's overall rating was green, and a plan is in place for the continued review of data protection policies.

Risk management

The trustees of the NHS Confederation are aware of their responsibilities relating to risk management under the requirements of the Statement of Recommended Practice for Accounting and reporting by Charities (SORP).

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

The trustees are responsible for considering the strategic risks, which are documented on a risk register that evaluates the residual risk (post-mitigating action) against the risk appetite set by the trustees. The register and the mitigating actions are regularly reviewed by the group executive to ensure the actions are having the desired consequence and the risk is at an acceptable level. The audit committee receives the register regularly through the year and the chief executive is scheduled to attend the start of every audit committee meeting to report on corporate risk.

Principal risks and uncertainties

The three principal strategic risks faced by the organisation are summarised here:

Strategic risk	Mitigating actions
Coronavirus The organisation loses income due to the inability to carry out activities. Inability to deliver member services due to lockdown or staff illness. Staff exposed to illness when they are working.	Events and activities cancelled in line with government advice on social distancing. Took up the government's Job Retention Scheme and the option to defer VAT. Virtual meetings and webinars carried out to continue member services. Supporting members on responding to COVID-19. Remote working was quickly established.
Membership The organisation is unable to maintain sufficient members from across the health and care sector to assert its position and influence as a system-wide leader. The changing landscape of the sector presents risks to the current membership model.	A review of the membership offer and structure is underway to ensure the Confederation is well placed to adapt to changes and continue to meet existing member needs and attract new members from across the health and care sector.
Data management and loss The charity is unable to effectively manage vital data of contacts, members and other key stakeholders. Staff are not aware of their responsibilities or the requirements under data protection legislation. We suffer an IT or cyber security breach or are the victim of a ransomware attack or similar incident	A new CRM system is being implemented during 2020-21, which will centralise all contact data. Appropriate policies and procedures are in place. We are delivering further training for staff and strengthening processes. IT security systems are being reviewed to ensure all measures in place are appropriate and strengthen controls where necessary. Action is being taken to achieve independent certification through Cyber Essentials and Cyber Essentials Plus

The financial risks relating to COVID-19 are covered in detail in the going concern section below.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Going concern

The board has reviewed the impact of COVID-19 on the organisation's financial position. In April 2020, trustees approved a revised budget that incorporated the known reduction in income due to COVID-19. The budget included savings in expenditure to mitigate the loss of income. A draw down from reserves was authorised in recognition of the exceptional nature of the pandemic. Forecasts for income, expenditure and cash flow are now updated each month. We have set up tight controls over expenditure. Additionally, we commissioned independent consultants to carry out a cost review exercise. Our membership income and contract income have remained robust. Commercial income, which is expected to be more volatile, is supported by a more flexible cost base. We have healthy reserves as well as contingency plans to reduce expenditure enabling us to withstand further financial shocks. Trustees are confident the organisation has the resources and agility to operate for the foreseeable future. As a result, these accounts have been prepared on a going concern basis.

Finance review

The key financial performance indicators (KPIs) used are income, expenditure, net surplus or deficit, cash and investments, reserves, and debtors. Operational performance indicators comprise achievement of performance against objectives including contract objectives, member numbers and member satisfaction. The operational indicators will, over time, impact on the financial performance.

Income and expenditure

Income for the year reduced by £1 million to £16.9 million (2019: £17.9 million) due to lower contract income. Expenditure was £18.5 million (2019: £17.9 million). Overall, the position was £1.8 million deficit after including investment gains and losses (2019: £0.2 million surplus).

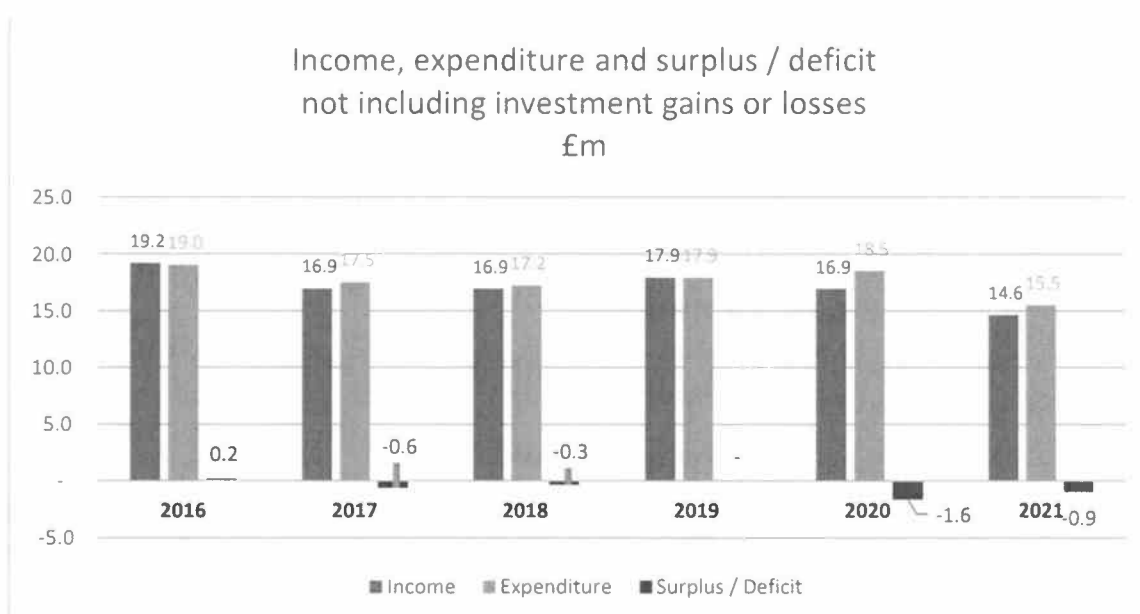
Over the last five years, income has fallen from £19.2 million in 2016 to £16.9 million. The reduction was largely due to lower contract income. Income is budgeted to fall again in 2021 due to the cancellation of the NHSConfedExpo conference due to COVID-19, and the demerger of IHPN.

Income has broadly been in line with expenditure in each period until 2019/20 when expenditure was £1.8 million more than income. This planned investment included the first phase of a customer relationship management system, new websites, and development of a new member model for England. Further spend was approved during the year for property fit-outs to facilitate moving to smaller premises in Leeds and London. In 2021, trustees have anticipated a further £0.9 million draw down from reserves. The spend from reserves includes investment in phase 2 of the websites and customer relationship management system, and delivery of a four nations event. Reserves will also be used to mitigate against the financial impact of COVID-19.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020



Balance sheet

Net assets stood at £7.6 million (2019: £9.4 million). Free reserves excluding restricted funds and fixed assets were £6.9 million (2019: £9.2 million).

Trade debtors stood at £5.6 million (2019: £4.0 million). Trade debtors is at a high point in March as this is when membership invoices are issued. Of the year-end debt balance, £2.5 million relates to contract invoices that were paid in April 2020.

Cash balances were £1.4 million (2019: £3.9 million).

The investment portfolio was valued at £5.5 million (2019: £7.7 million). £2 million was drawn down from investments in year to fund the budgeted deficit. The value of investments was affected by the COVID-19 pandemic outbreak just prior to the financial year-end. However, investments recovered their value after the year-end.

Reserves policy

The target for free reserves continues to be based on the closure costs for the organisation. The target range for reserves remains at £4.2 million to £6.3 million. At 31 March 2020 the free reserves stood at £6.9 million, which was higher than the target range. The 2020/21 business plan includes spending £1 million from reserves to develop new membership services, launch a new website, implement a new customer relationship management system and to cover some of the financial impact of COVID-19. The free reserves are budgeted to be £5.9 million at 31 March 2021, which would be in the target reserves range.

THE NHS CONFEDERATION

TRUSTEES' REPORT (CONTINUED) (INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2020

Investment policy

The trustees determined that the objective of holding the investment portfolio is to secure a balance between long-term capital and income growth achieving total returns in real terms over a five-to-seven-year timeframe. To achieve the objective, funds have been invested in Sarasin Endowment Fund and Sarasin Income and Reserves Fund.

The investment committee continues to review the investment policy and objectives and the performance of the investment fund.

The trustees recognise and accept the risks involved in making investments in order to generate income to protect the funds against inflation as well as providing a modest income.

Qualifying third party indemnity provisions

The charitable company has made qualifying third party indemnity provisions for the benefit of its trustees during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put to a General Meeting.

Statement of disclosure to auditor

So far as each person who was a trustee at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each trustee has taken all the necessary steps that they ought to have taken as a trustee in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

The trustees' report is prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006 and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the board of trustees on 16/07/2020 and signed on their behalf by:

Signed:



Name: **Lord Victor Adebawale, CBE**

Chair, Board of Trustees

THE NHS CONFEDERATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2020

The trustees, who are also directors of The NHS Confederation for the purpose of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which 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 year.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group 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 charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NHS CONFEDERATION

Opinion

We have audited the financial statements of The NHS Confederation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Company Balance Sheets, the Group Cash Flow Statement and 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2020 and of the group's 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 and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NHS CONFEDERATION (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NHS CONFEDERATION (CONTINUED)

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 39, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Victoria Craven (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Central Square, 5th Floor, 29 Wellington Street, Leeds, West Yorkshire LS1 4DL

Date: 28/7/2020.

THE NHS CONFEDERATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted Funds 2020	Unrestricted Funds 2020	Restricted Funds 2020	Total Funds 2020	Total Funds 2019
	Notes	<i>Continuing operations</i> £	<i>Discontinued operations</i> £	<i>Continuing operations</i> £	£	£
Income from:						
Charitable activities	5	13,464,124	1,057,917	247,062	14,769,103	14,675,478
Other trading activities	6	1,941,551	20,690	-	1,962,241	2,899,722
Investments		189,845	-	-	189,845	274,884
Other income		-	-	-	-	7,697
Total income		15,595,520	1,078,607	247,062	16,921,189	17,857,781
Expenditure on:						
Charitable activities	7	15,140,715	1,202,630	247,062	16,590,407	15,479,134
Other trading activities	9	1,894,800	47,182	-	1,941,982	2,372,171
Total expenditure		17,035,515	1,249,812	247,062	18,532,389	17,851,305
Net (losses)/gains on investments		(180,977)	-	-	(180,977)	188,370
Net movement in funds		(1,620,972)	(171,205)	-	(1,792,177)	194,846
Total funds brought forward		9,358,189	-	-	9,358,189	9,163,343
Total funds carried forward		7,737,217	(171,205)	-	7,566,012	9,358,189

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

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE NHS CONFEDERATION

Company Registration No. 04358614

**CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible fixed assets	13		682,110		206,971
Investments	14		5,549,042		7,730,019
			<u>6,231,152</u>		<u>7,936,990</u>
Current assets					
Debtors	15	6,119,428		4,739,159	
Cash at bank		<u>1,392,066</u>		<u>3,924,373</u>	
		7,511,494		8,663,532	
Creditors: amounts falling due within one year	16	(6,176,634)		(7,242,333)	
Net current assets			<u>1,334,860</u>		<u>1,421,199</u>
Total assets less current liabilities			<u>7,566,012</u>		<u>9,358,189</u>
Income funds					
<u>Unrestricted funds:</u>					
Funds represented by fixed assets		682,110		206,971	
General unrestricted funds		6,883,902		9,151,218	
Total funds	20		<u>7,566,012</u>		<u>9,358,189</u>

The notes on pages 47 to 72 form part of these accounts.

The financial statements were approved and authorised for issue by the board of trustees on 16/07/2020 and are signed on their behalf.

Signed:



Name: Lord Victor Adebawale, CBE

Chair, Board of Trustees

THE NHS CONFEDERATION

Company Registration No. 04358614

**CHARITY BALANCE SHEET
AS AT 31 MARCH 2020**

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible fixed assets	13		682,110		206,971
Investments	14		5,549,042		7,730,019
			<u>6,231,152</u>		<u>7,936,990</u>
Current assets					
Debtors	15	5,601,938		4,422,201	
Cash at bank		<u>1,216,475</u>		<u>3,101,577</u>	
		6,818,413		7,523,778	
Creditors: amounts falling due within one year	16	(5,957,957)		(6,541,474)	
Net current assets			<u>860,456</u>		<u>982,304</u>
Total assets less current liabilities			<u>7,091,608</u>		<u>8,919,294</u>
Income funds					
<u>Unrestricted funds:</u>					
Funds represented by fixed assets		682,110		206,971	
General unrestricted funds		6,409,498		8,712,323	
Total funds	20		<u>7,091,608</u>		<u>8,919,294</u>

The charitable company's gross income for the year was £13,653,970 (2019 - £14,990,754) and result for the year was a net decrease in funds of £1,827,686 (2019 – net increase of £58,459)

The notes on pages 47 to 72 form part of these accounts.

The financial statements were approved and authorised for issue by the board of trustees on 16/07/2020 and are signed on their behalf.

Signed:



Name: **Lord Victor Adebawale, CBE**
Chair, Board of Trustees

THE NHS CONFEDERATION

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21	(4,060,965)		3,226,896	
Income taxes paid			-	(35,327)	
Net cash (outflow)/inflow from operating activities		(4,060,965)		3,191,569	
Cash flows from investing activities					
Purchase of tangible fixed assets		(661,227)		-	
Proceeds from sale of fixed assets		40		-	
Purchase of investments		-	(1,000,000)		
Proceeds from sale of investments		2,000,000		-	
Interest received		189,845		274,884	
Net cash generated/(used in) investing activities		1,528,658		(725,116)	
Net (decrease)/increase in cash and cash equivalents		(2,532,307)		2,466,453	
Cash and cash equivalents at beginning of year		3,924,373		1,457,920	
Cash and cash equivalents at end of year		1,392,066		3,924,373	

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies

Charity information

The NHS Confederation is a private company limited by guarantee incorporated in England and Wales. The registered office is 2nd Floor, 18 Smith Square, London, England, SW1P 3HZ. The principal activities of the group are noted on page 4.

Accounting convention

The financial statements have been prepared in accordance with the charitable company's memorandum and articles of association, the Charities Act 2011 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)" (as amended for accounting periods commencing from 1 January 2016). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

Parent Statement of Financial Activities

As permitted by s408 Companies Act 2006, the charitable company has not presented its own Statement of Financial Activities as it prepares group accounts and the charitable company's individual Balance Sheet shows its gross income and result for the year.

Reduced disclosures

The charitable company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charitable company, which are intended to give a true and fair view of the assets, liabilities, financial position and movement in group funds. The charitable company has therefore taken advantage of exemptions from the following disclosure requirements for charitable company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate those of The NHS Confederation and its subsidiary (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances, and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

The group had a net decrease in funds during the year of £1,792,177 (2019 - net increase of £194,846). The trustees have considered the revised budget and forecasts including sensitivity analysis, the timing of renewal of major contracts and membership, and cost savings alongside current cash and investment levels in making their considerations. These considerations include the impact of COVID-19 on the operations of the charity. At the time of approving the financial statements, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

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

Incoming resources

Income is recognised when the charitable company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

Income is measured at the fair value of the consideration received or receivable, net of discounts and value added tax.

Membership subscriptions

Income is all released in the first month of the financial year in which it relates to.

Contract income

Income is recognised based on delivery under the terms of the contract. Where contracts span more than one year, revenue is recognised based on costs incurred. Contract income can be recognised using a percentage of work delivered if deemed more appropriate.

Events, sponsorship, exhibition, and delegate income

Income is recognised at the date of the event.

Grant income

Grant income is recognised when the charity has entitlement to the funds and is recorded in accordance with the grant terms.

Deferred income

Income invoiced in advance is accounted for as deferred income in the Balance Sheet and released to the Statement of Financial Activities in the year in which it relates. Deferred income will also arise when work is incomplete at the year end and the customer agrees for this work to be completed in the following year.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure.

All expenditure is accounted for on an accrual basis and is classified under headings that aggregate all costs related to the category.

Expenditure on charitable activities comprises those costs incurred influencing on behalf of our members, representing NHS organisations on workforce issues, and bringing those organisations and members together to share learning. It includes both costs that can be allocated directly to those activities and those costs of an indirect nature to support them.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include finance, IT, human resources, and governance costs which support the charity programmes and activities.

Expenditure is shown net of VAT but includes any irrecoverable VAT.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Furniture, fixtures, and fittings	40% straight line or over the term of the lease
Computer and other equipment	33% straight line

It was decided during the year to depreciate new furniture, fixtures, and fittings additions straight line over the term of the lease (up to the first break clause), rather than just 40% straight line, to better reflect the life of the assets.

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.

Fixed asset investments

Fixed asset investments 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.

Impairment of fixed assets

At each reporting end date, the charitable company reviews the carrying amounts of its tangible 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).

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise funds held in current and instant access deposit bank accounts.

Financial instruments

The charitable company 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 charitable company's balance sheet when the charitable company 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in net income/(expenditure).

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charitable company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, 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 payments 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 charitable company's contractual obligations expire or are discharged or cancelled.

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 charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. Accounting policies (continued)

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Leases

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

Agency arrangements

The charity acts as an agent for the NI Public Sector Chairs forum. Related receipts and subsequent payments are excluded from the Statement of Financial Activities to the extent that the charity does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included in creditors.

2. Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Critical accounting estimates and judgements (continued)

Revenue recognition

Revenue received during the year for contracts is recognised based on the contract price (net of VAT) and on agreement with the customer that the services have been provided in line with the specification. Where contracts are part completed at the year end date revenue is recognised by measuring costs incurred to date. In this instance, deferred income arises on

agreement with the customer that work may be delivered in the following year. Revenue can be recognised using a percentage of work delivered if deemed more appropriate.

Key sources of estimation uncertainty

The charitable company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The charitable company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the trustees consider factors including the ageing profile of the debtor. See note 15 for the net carrying amount of the debtors.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation, and the physical condition of the assets. See note 13 for the carrying amount of the tangible fixed assets and note 1 for the useful economic lives for each class of assets.

3. Reclassification

Reclassification of income and expenditure of subsidiary

Income arising from the hiring of the event space, Horizon, was previously recognised as trading income in the subsidiary company. The decision was made during this financial year to recognise the income as charitable activities in the charitable company as the activities were in nature charitable.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4. Discontinued operations

The activities of the Independent Healthcare Providers Network have been classed as discontinued during this financial year as they have left the organisation on the reporting date and set up as a separate limited company. The performance of the discontinued operation can be seen on the face of the Statement of Financial Activities.

5. Income from charitable activities

	2020	2019
	£	£
Membership subscriptions	3,598,652	3,575,002
Contract delivery	10,081,463	11,100,476
Grant income	247,062	-
Conference centre income	602,984	-
Other income from charitable activities	238,942	-
	<u>14,769,103</u>	<u>14,675,478</u>

Grant income of £247,062 (2019: £nil) is classed as restricted income in this financial year. All other income from charitable activities is classed as unrestricted income in both years.

6. Income from other trading activities

	2020	2019
	£	£
Publications income	19,831	7,779
Conference centre income	-	540,084
Audio visual income	30,099	51,236
Membership subscriptions	39,117	67,979
Events and partnerships	1,764,794	2,054,841
Contract delivery	108,400	177,803
	<u>1,962,241</u>	<u>2,899,722</u>

All income from other trading activities is classed as unrestricted income in both years.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7. Expenditure on charitable activities

	Direct costs £	Support costs £	Total 2020 £	Total 2019 £
Membership subscriptions	4,125,144	980,789	5,105,933	3,965,779
Events and partnerships	429,159	102,036	531,195	1,122,658
Contract delivery	7,929,237	1,885,246	9,814,483	10,387,221
Grants	236,666	-	236,666	3,476
Digital expenditure	116,474	27,693	144,167	-
Conference centre	612,367	145,596	757,963	-
	<u>13,449,047</u>	<u>3,141,360</u>	<u>16,590,407</u>	<u>15,479,134</u>

Expenditure of £247,062 (2019: £nil) is classed as restricted in the year. All other expenditure on charitable activities is classed as unrestricted expenditure in both years.

8. Support costs

	2020 £	2019 £
Management	834,979	794,589
Governance costs	100,443	-
Finance	296,137	382,403
Information technology	515,570	463,621
Human resources	278,283	372,457
Accommodation	1,115,948	862,531
	<u>3,141,360</u>	<u>2,875,601</u>

Support costs are allocated based on direct costs of each activity as a percentage of total direct costs.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9. Expenditure from other trading activities

	2020	2019
	£	£
Publications expenditure	6,261	4,038
Conference centre expenditure	-	657,207
Digital expenditure	-	96,415
Audio visual expenditure	3,256	7,850
Membership subscriptions	21,075	-
Events and partnerships	1,637,331	1,368,197
Contract delivery	26,076	22,645
Other administrative expenses	247,983	215,819
	<hr/>	<hr/>
Expenditure from other trading activities	1,941,982	2,372,171
	<hr/>	<hr/>

All expenditure from other trading activities is classed as unrestricted expenditure in both years.

10. Net movement in funds

	2020	2019
	£	£
Net movement in funds is stated after charging		
Fees payable to the company's auditor and its associates in respect of both audit and non-audit services are as follows:		
- Audit	49,000	40,000
- Other non-audit services	11,588	7,000
Depreciation of owned tangible fixed assets	170,073	149,620
Loss on disposal of tangible fixed assets	15,975	-
Operating lease charges	620,738	343,935
	<hr/>	<hr/>

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

11. Trustees

During the year, The NHS Confederation chair, Stephen Dorrell (resigned Nov 2019), was remunerated £29,762 (2019 - £50,000) and the interim chair, Andrew Cash (appointed Nov 2019, resigned April 2020), was remunerated £17,335 (2019 - £nil) in accordance with the articles of association and the permission granted by the Charity Commission. Graham Jackson received remuneration of £51,570 (2019 - £nil) for consultancy services provided to the charity which is separate from his activities as a trustee.

Expenses incurred on behalf of the charitable company and reimbursed to four trustees during the year amounted to £103 (2019 - £213) which related to travel, accommodation, and subsistence. Expenses paid directly to third parties on behalf of eight trustees during the year amounted to £4,333 (2019 - £7,620) which related to travel, accommodation, and subsistence.

No pension contributions were made on behalf of any of the trustees.

12. Employees

Number of employees

The average monthly number of employees during the year was:

2020 Number	2019 Number
216	212

Employment costs

	2020 £	2019 £
Wages and salaries	9,677,254	9,392,310
Social security costs	1,061,472	959,491
Pension costs	774,813	737,523
	<u>11,513,539</u>	<u>11,089,324</u>

Wages and salaries includes costs of seconded and agency staff of £431,090 (2019 - £248,867).

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

12. Employees (continued)

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

	2020 Number	2019 Number
£260,000-£269,999	1	0
£240,000-£249,999	0	1
£160,000-£169,999	1	0
£150,000-£159,999	1	0
£140,000-£149,999	0	2
£130,000-£139,999	0	2
£120,000-£129,999	3	0
£110,000-£119,999	2	5
£100,000-£109,999	4	3
£90,000-£99,999	1	2
£80,000-£89,999	1	3
£70,000-£79,999	8	3
£60,000-£69,999	13	24

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. Tangible Fixed Assets

Group and charity	Furniture, fixtures, and fittings £	Computer and other equipment £	Total £
Cost			
At 1 April 2019	299,010	109,932	408,942
Additions	652,485	8,742	661,227
Disposals	(207,965)	(5,460)	(213,425)
At 31 March 2020	743,530	113,214	856,744
Depreciation			
At 1 April 2019	150,809	51,162	201,971
Depreciation charged in year	131,224	38,849	170,073
Eliminated on disposal	(193,854)	(3,556)	(197,410)
At 31 March 2020	88,179	86,455	174,634
Carrying amount			
At 31 March 2020	655,351	26,759	682,110
At 31 March 2019	148,201	58,770	206,971

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

14. Investments

Group and charity	Listed investments £	
Cost or valuation		
At 1 April 2019		7,730,019
Sales		(4,000,344)
Purchases		2,021,400
Valuation changes		(202,033)
At 31 March 2020		5,549,042
Carrying amount		
At 31 March 2020		5,549,042
At 1 April 2019		7,730,019
	2020	2019
	£	£
Investments at fair value comprise:		
Fixed income	1,363,133	2,030,698
Equities	3,167,193	4,500,363
Property	142,872	603,977
Alternative investments	512,096	294,749
Liquid assets	363,748	300,232
	5,549,042	7,730,019

Fixed asset investments revalued

At 31 March 2020, the historical cost of investments was £4,500,000 (2019 - £6,500,000) with net gains of £1,049,042 (2019 - £1,230,019).

Valuations are based on bid price at the close of business on the valuation date. Investments are included at their fair value as at the year-end date.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15. Debtors

	Group		Charity	
	2020	2019	2020	2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,585,615	4,042,800	5,279,899	3,392,667
Amounts due from fellow group undertakings	-	-	-	729,596
Other debtors	7,466	11,756	7,466	11,758
Prepayments and accrued income	496,170	625,471	314,573	288,180
	<u>6,089,251</u>	<u>4,680,027</u>	<u>5,601,938</u>	<u>4,422,201</u>
Amounts falling due after more than one year:	2020	2019	2020	2019
	£	£	£	£
Prepayments and accrued income	30,177	59,132	-	-
	<u>30,177</u>	<u>59,132</u>	<u>-</u>	<u>-</u>
Total debtors	<u>6,119,428</u>	<u>4,739,159</u>	<u>5,601,938</u>	<u>4,422,201</u>

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

16. Creditors: amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	590,051	500,064	425,928	403,752
Amounts due to group undertakings	-	-	426,093	-
Other taxation and social security	724,785	828,040	755,040	755,451
Other creditors and accruals	1,316,071	1,313,066	1,241,569	1,278,376
Deferred income	3,545,727	4,601,163	3,109,327	4,103,895
	<u>6,176,634</u>	<u>7,242,333</u>	<u>5,957,957</u>	<u>6,541,474</u>

17. Deferred income

Deferred income comprises both income invoiced in advance and instances where work is incomplete at the year end and the customer agrees for this work to be completed in the following year.

	Group	Charity
	£	£
At 1 April 2019	4,601,163	4,103,895
Amount released to Statement of Financial Activities	(8,499,204)	(7,676,494)
Amount deferred in year	7,443,768	6,681,926
	<u>3,545,727</u>	<u>3,109,327</u>
At 31 March 2020		

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

18. Financial instruments

	2020	2019
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,790,106	4,138,340
Instruments measured at fair value through net income/(expenditure)	<u>5,549,042</u>	<u>7,730,019</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>1,906,121</u>	<u>1,813,130</u>

19. Retirement benefits

The organisation contributes to a number of pension schemes.

The NHS Confederation is able to maintain access to the NHS Pension Scheme (for a maximum of five years) and the Civil Service Pension Scheme for staff who are recruited from these sectors and already contribute to these schemes.

The Federated Flexiplan No.1 was a defined benefit pension scheme previously operated; this plan is closed to new members and to future accrual of benefits.

The organisation makes a contribution of either 6% or 9% (staff contributing 3% or 6%) to a defined contribution pension scheme (Scottish Widows) for all employees unless they opt out.

Contributions amounting to £143,025 (2019 - £84,155) were payable to the schemes at 31 March 2020 and are included within other creditors and accruals.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20. Unrestricted funds

Group	Movement in funds					Balance at 31 March 2020 £
	Balance at 1 April 2019 £	Movement in tangible fixed assets £	Other charitable income and expenditure £	Transfers £	Revaluations gains and losses £	
Funds represented by fixed assets	206,971	475,139	-	-	-	682,110
General unrestricted funds	9,151,218	(661,187)	(1,425,152)	-	(180,977)	6,883,902
	<u>9,358,189</u>	<u>(186,048)</u>	<u>(1,425,152)</u>	<u>-</u>	<u>(180,977)</u>	<u>7,566,012</u>

	Movement in funds					Balance at 31 March 2019 £
	Balance at 1 April 2018 £	Movement in tangible fixed assets £	Other charitable income and expenditure £	Transfers £	Revaluations gains and losses £	
Funds represented by fixed assets	356,591	(149,620)	-	-	-	206,971
Revaluation	1,041,649	-	-	(1,041,649)	-	-
General unrestricted funds	7,765,103	-	156,096	1,041,649	188,370	9,151,218
	<u>9,163,343</u>	<u>(149,620)</u>	<u>156,096</u>	<u>-</u>	<u>188,370</u>	<u>9,358,189</u>

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20. Unrestricted funds (continued)

Charity	Movement in funds					Balance at 31 March 2020 £
	Balance at 1 April 2019 £	Movement in tangible fixed assets £	Other charitable income and expenditure £	Transfers £	Revaluations gains and losses £	
Funds represented by fixed assets	206,971	475,139	-	-	-	682,110
General unrestricted funds	8,712,323	(661,187)	(1,460,661)	-	(180,977)	6,409,498
	<u>8,919,294</u>	<u>(186,048)</u>	<u>(1,460,661)</u>	<u>-</u>	<u>(180,977)</u>	<u>7,091,608</u>

	Movement in funds					Balance at 31 March 2019 £
	Balance at 1 April 2018 £	Movement in tangible fixed assets £	Other charitable income and expenditure £	Transfers £	Revaluations gains and losses £	
Funds represented by fixed assets	356,591	(149,620)	-	-	-	206,971
Revaluation	1,041,649	-	-	(1,041,649)	-	-
General unrestricted funds	7,462,592	-	19,712	1,041,649	188,370	8,712,323
	<u>8,860,832</u>	<u>(149,620)</u>	<u>19,712</u>	<u>-</u>	<u>188,370</u>	<u>8,919,294</u>

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21. Cash generated from operations

	2020 £	2019 £
(Deficit)/surplus for the year	(1,792,177)	194,846
Adjustments for:		
Investment income recognised in statement of financial activities	(189,845)	(274,884)
Loss on disposal of tangible fixed assets	15,975	-
Fair value losses and (gains) on investments	180,977	(188,370)
Depreciation of tangible fixed assets	170,073	149,620
Movements in working capital		
(Increase)/decrease in debtors	(1,380,269)	3,732,293
(Decrease) in creditors	(1,065,699)	(386,609)
Cash (absorbed by)/generated from operations	(4,060,965)	3,226,896

22. Operating leases

At the reporting end date, the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	350,930	289,714
Between one and five years	1,628,544	-
	1,979,474	289,714

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, being the CEO and the directors of the various directorates, is as follows.

	2020 £	2019 £
Aggregate compensation	<u>1,737,325</u>	<u>1,611,643</u>

During the year, the charitable company had the following related party transactions due to a trustee or co-opted committee member being on the board or an employee of another organisation.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Related party transactions (continued)

2020		Confederation		Services	Confederation		Services
		<i>Income</i>	<i>Expense</i>	<i>Income</i>	<i>Debtor</i>	<i>Creditor</i>	<i>Debtor</i>
Related Party	Description of Relationship	£	£	£	£	£	£
LaingBuisson Limited	Charity chair was chair	-	24,579	2,850	-	18,499	3,420
Derbyshire Community Health Services NHS Trust	Trustee is chair	4,944	-	199	4,944	-	-
Calderdale and Huddersfield NHS Foundation Trust	Trustee is chief executive	6,427	-	-	6,427	-	-
Whitehill Surgery Aylesbury	Trustee is a partner of the surgery	-	16,650	-	-	-	-
Gateshead Health NHS Foundation Trust	Trustee was chair, left Sep 2019	1,681	-	533	5,303	-	-
Care UK	Trustee is chief executive	-	-	271	-	-	-
Tavistock and Portman NHS Foundation Trust	Trustee is chief executive	8,010	-	2,714	8,010	-	-
Northern Health & Social Care Trust	Trustee is chief executive	12,448	-	432	8,712	-	210
Yorkshire & Humber AHSN	Interim chair of charity is a director	-	-	7,657	-	-	6,000
B Braun Medical Limited	Interim chair is non-executive director	-	-	6,000	-	-	-
Welsh Health Specialised Services Committee	Trustee is chair	-	-	1,000	-	-	-
Rotherham, Doncaster & South Humber NHS FT	Wife of trustee is chief executive	8,940	-	2,094	8,940	-	(718)
Powys Teaching Health Board	Trustee is chair	39,250	-	1,045	44,700	-	-

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

23. Related party transactions (continued)

2019	Confederation		Services		Confederation		Services	
	Income	Expense	Income		Debtor	Creditor	Debtor	
	£	£	£		£	£	£	£
LaingBuisson Limited	-	701	-		-	-	-	-
Sheffield Teaching Hospitals NHS Foundation Trust	7,910	-	528		7,910	-	417	
Derbyshire Community Health Services NHS Trust	5,014	-	-		4,944	-	-	
Calderdale and Huddersfield NHS Foundation Trust	5,895	-	265		5,735	-	-	
Celesio/Lloyds Pharmacy	(45,843)	-	-		-	-	-	
Hywel Dda University Health Board	57,110	-	-		132	-	-	
Whitehill Surgery Aylesbury	-	35,280	-		-	5,550	-	
Gateshead Health NHS Foundation Trust	3,362	-	265		7,920	-	-	
Care UK	45,483	-	-		45,483	-	-	
Tavistock and Portman NHS Foundation Trust	7,920	-	265		7,920	-	-	
George Eliot Hospital	3,362	-	-		3,362	-	-	
Northern Health & Social Care Trust	9,257	-	-		-	-	-	

There are no other related party transactions to disclose.

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24. Results and net assets of subsidiary

The wholly owned trading subsidiary, The NHS Confederation (Services) Company Limited (company number 05252407) is incorporated in England and Wales and has a registered office address of 2nd Floor, 18 Smith Square, London, SW1P 3HZ. The subsidiary provides a range of non-charitable activities on behalf of The NHS Confederation.

The summary financial performance of the subsidiary alone is:

	2020 £	2019 £
Turnover	1,962,240	2,959,070
Cost of sales	(1,542,364)	(2,606,864)
Gross profit	419,876	352,206
Administrative expenses	(247,983)	(215,819)
Profit/(loss) before taxation	171,893	136,387
Tax	-	-
Profit/(loss) for the financial year	171,893	136,387

The assets and liabilities of the subsidiary were:

Current assets	1,149,428	1,869,354
Current liabilities	(675,024)	(1,430,456)
Total net assets	474,404	438,898
Aggregate capital and reserves	474,404	438,898

THE NHS CONFEDERATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

25. Agency arrangement

The charity acts as an agent for the NI Public Sectors Chairs forum. In the financial year ended 31 March 2020, the charity received £42,550 (2019 - £36,993) and disbursed £34,481 (2019 - £9,140) in its role as agent. An amount of £35,922 (2019 - £27,853) is included in other creditors relating to unrestricted funds held as agent at 31 March 2020.