

ANNUAL REPORT & ACCOUNTS 2015/16

Financial year ended 30 September 2016



Royal Hospital for Neuro-disability



Our patron

Her Majesty Queen Elizabeth II

President

Leonora Countess of Lichfield

Vice Presidents

Peter Malpas, MA

Ruth Maxwell

Shirley Palmer

Douglas Reed

Alan Sanders

The Mayor of Wandsworth (ex Officio)

Administrative details**Royal Hospital for Neuro-disability**

Registered charity number – 205907

Royal Hospital for Neuro-disability (Services) Limited

Company registration number – 04570542

Principal address and registered office

Royal Hospital for Neuro-disability, West Hill, Putney, London, SW15 3SW

Our Trustees and Executives

Board of Trustees

Des Benjamin - Chairman
James Gemmell CA FSP FRSA - Treasurer and Deputy Chairman
Jenny Sharp BA - Deputy Chairman
Les Broude BA FCA
Prof Anne Chamberlain OBE FRCP FRCPCH
Dr Dipak Datta MBBC FRCP FRCS
Terry Hanafin CBE
The Right Reverend Dr Christopher Herbert with effect from April 2016
Michael Hornsby BA
Leslie Hurst LLB with effect from April 2016
Dr David Mitchell MA MD MBA FRCP
Laurence Oates LLB CB

In addition, the following have served during the year:

Lydia Gomersall until April 2016
Simon Leathes until April 2016
Douglas Reed until April 2016
John Scadding until April 2016
Peter Siddall until January 2017

Executive Directors

Paul Allen MA (Oxon) - Chief Executive
Frances Low MA (Oxon) - Director of Governance with effect from December 2015
Dr Diane Playford MD MBBS FRCP - Director of Research
Jane Beaven BA (Hons) - Director of Fundraising and Communications with effect from August 2016
Lynn Cunningham MSc - Chief Operating Officer with effect from June 2016
Nanda Ratnavel ACMA Bsc (Hons) - Director of Finance with effect from September 2016
Dr Michael Marrinan MD - Interim Medical Director with effect from October 2016
Della Warren - Interim Director of Nursing with effect from October 2016

In addition, the following served during the year:

John Cowman - Director of Operations until May 2016
Richard Ely - Interim Director of Finance until September 2016
Len Kalkun - Director of Finance until December 2015
Dr Philip McCluskie - Medical Director until January 2016
John Omany - Interim Medical Director until September 2016
Dolores Pickersgill - Associate Director of Patient Care until October 2016
Sarah Whiting - Interim Business Development Manager until December 2015

Our sub-committees

Audit and Risk Committee

Les Broude BA FCA – Chairman
Terry Hanafin
Simon Leathes FCA
Laurence Oates LLB CB
Trevor Williams with effect from January 2016

Board Medical Committee

Dr David Mitchell MA MD MBA FRCP - Chairman
Prof Anne Chamberlain OBE FRCP FRCPCH
Dr Dipak Data MBBS FRCP FRCS
Dominic Fairclough
The Executive and senior clinical staff are also members

Chairman's committee

Des Benjamin - Chairman
James Gemmell CA FSP FRSA - Treasurer and Deputy Chairman
Jenny Sharp BA - Deputy Chairman

Ethics Committee

Christopher Herbert - Trustee
Laurence Oates - Trustee
The Chaplain
The Medical Director
The Director of Nursing
Director of Operations
One RHN consultant nominated by the Chief Executive
The Executive and senior clinical staff are also members

Finance Committee

James Gemmell CA FSP FRSA – Chairman
Martin Gordon with effect from April 2016
Leslie Hurst LLB
Peter Siddall until January 2017

Nominations and Remuneration Committee

Des Benjamin - Chairman
James Gemmell CA FSP FRSA
Jenny Sharp BA

Patient Safety and Quality Committee

Jenny Sharp BA - Chairman
Terry Hanafin
Christopher Herbert
Michael Hornsby BA
David Mitchell
Laurence Oates LLB CB
Mathew Ridsden

Our Advisors

Auditors

Crowe Clark Whitehill LLP
St Bride's House
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London
EC4Y 8EH

Bankers

National Westminster Bank plc
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250 Wimbledon Park Road
London
SW19 6ZA

Insurance Brokers

Jardine Lloyd Thompson Limited
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Threefield Lane
Southampton
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Investment Custodians

Schroder & Co Bank AG
Central 2
8021 Zurich

Investment Manager

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Chairman's welcome

- ▶ We seem to hear almost every week about unprecedented events taking place in the world, and perhaps 2016 has been a year to mark the beginning of a change in the world that we don't yet understand.

When one is fortunate enough to help guide an organisation with the history of the Royal Hospital for Neuro-disability (the RHN), one realises that we are not the first to be presented with such interesting challenges and neither will we be the last.

The RHN was created with such a clear mandate to help those people who are most in need. Our unchanging task is simply to understand the current pressures, impacts of these events and work out how to best use our resources for the benefit of our patients and their families.

What we can rely on at this time, is that truly important things will remain the same. Demand for our services and skills will not be alleviated by these global events and the many, many people who contribute to the RHN in such a reliable, generous, capable and willing way will, I am certain, continue to do so.

I am very proud of the way that our family of staff and volunteers in Putney go about their business of looking after our patients and their relatives to the very best of their ability.

Let me please therefore shout loudly, on behalf of all my fellow Trustees, a huge vote of thanks to everyone who plays their part in making our hospital such a successful and caring place to be.

To help our people continue with their work, I am pleased to be able to say that this year we became a London Living Wage organisation. We feel it must be right that our staff, who contribute so much effort and goodwill to our patients, should be fairly rewarded for their efforts.

To further enable our management teams at all levels, we have been involved in extensive training exercises focused on a variety of areas - from better patient care to better control of budgets. Through our leadership forum, the Executive team have been working closely with the wider management team and staff to help define our priorities for the future.

What pleases me most about this is the high level of engagement and contribution our people are making so that we can become a stronger organisation. Our humanisation of care programme depends on this engagement and is for me, at least, the single most important element of our strategy for the future.

At the same time, this year we have seen the difficult financial position of recent years undergo a very respectable reversal. We have been able to make a positive contribution to reserves from our hospital operations, which will help us with our future investment plans.



DES BENJAMIN
CHAIRMAN

" I am very proud of the way that our family of staff and volunteers in Putney go about their business of looking after our patients and their relatives to the very best of their ability. "

Consequently, the Board of Trustees has now agreed the funding to start implementing some of our building and refurbishment plans. These will begin shortly with the new restaurant and food preparation service for all patients and staff.

During the year we have continued to refine our management structure to ensure we have sufficient capability in areas such as corporate governance, medical and nursing care. We have also strengthened our financial, IT and facilities teams, each of whom face considerable challenges if we are to continue to modernise some of our practices.

Pleasingly, our charitable fundraising and communications teams have had another successful year. Success with our fundraising means we continue to be able to help patients with treatments and facilities that really enhance their lives every day. In short, fulfilling our goal of 'finding ability' wherever we can.

We have also made tremendous improvements to our internal communications which have been favourably received and culminated in us being awarded the Charity Times "Best Use of Internal Communications" award at their 2016 awards ceremony.

The Board of Trustees and the Executive team are looking forward to another year of progress in 2017. Our plans include the commencement of our ward refurbishment programme, the exciting prospect of our new Putney Nursing qualification and the continued improvement in our service to the people we care for.

I am sure we will have our share of bother and bluster from the events around us but we will stay true to our purpose and focus on being the best we can be at that.

Des Benjamin
Chairman
Royal Hospital for Neuro-disability



Chief Executive's introduction

- ▶ On behalf of the Trustees of the Royal Hospital for Neuro-disability, I am pleased to present our annual report for the year ended 30 September 2016.

This has been a very successful year for the charity with good progress made on the Board's six major objectives highlighted in last year's report; namely:

- Creating a strategy
- Supporting and developing our staff
- Clinical leadership
- Investment in infrastructure
- Commercial and fundraising
- Research and education

The strategy has been worked on by the Board, Executive and various members of staff, culminating in the publication of the "Plan for the Future 2016-2020", charting our direction over the next five years. This is summarised by the phrase "Fix it, then grow it", by which we mean ensuring everything we do is excellent and to the highest quality. This, in preparation for growing the service areas in which we can provide clinical care for patients over the next few years. In doing so we remain firmly committed to a future on our site here in Putney.

This has been an exciting year for the start of a programme of work to invest in our buildings and facilities. The much needed refurbishment of our conference facilities has been completed and work has started on a Board approved project

to completely change our catering facilities which will impact everyone from patients (who will now be served freshly cooked food on the wards) to staff, relatives and visitors who will be able to eat in a new restaurant hub.

The Board has also approved a new Therapy Hub which will create a modern rehabilitation environment for our patients, using our two main gyms. As well as completion of the Therapy Hub, work will start on the first of a series of major ward refurbishments, ensuring that we provide high quality ward environments for our patients. The programme is expected to take around four years, with Drapers ward being the first project.

We have had a very good year and this report shows the first hospital surplus for many years. This has been achieved through professional and fair negotiation with our NHS commissioners in respect of the rates paid for NHS patients, and through a number of cost saving initiatives. It is very important that we continue to generate a surplus in order to generate funds to reinvest in the hospital infrastructure and the future development of our services.

Our fundraising team had another successful year, raising money which pays for otherwise unfunded services such as



PAUL ALLEN
CHIEF EXECUTIVE

" The much needed refurbishment of our conference facilities has been completed, and work has started on a Board approved project to completely change our catering facilities which will impact everyone from patients to staff, relatives and visitors."

music therapy as well as making a vital contribution towards investment in improving our environment and infrastructure. To support projects financially, the work of our fundraising team becomes ever more important, and a highlight of the year was the annual gala dinner, held at the Haberdashers Livery Hall in London raising £41,000.

As an important part of the next phase of our research strategy, we have been very pleased to welcome a Nurse Research Fellow, who is leading our initiative to establish an accredited "Putney Nurse" qualification in specialist rehabilitation nursing.

Supporting our staff has included introduction of the London Living Wage as a minimum from January 2016 and rates of pay for clinical staff which are competitive with the NHS. We continued to invest in leadership development and began a programme introducing the culture of "humanisation" within the RHN.

"Humanisation" is more than just providing patient centred care. With patients' families being an integral part of our community, it embodies new ways of working amongst staff and with patients and their families. As part of developing humanisation throughout the RHN, we expect to accredit the first "Putney Nurses".

In 2017 we will be creating a service development strategy. Relatives make an enormous contribution not only to the care our patients receive but also in creating our community. To them, I say thank you. The support of patients families is important to us and we will launch our service for families during the year.

We have been working on the medical model which will be implemented and then commence a number of improvement initiatives.

In order to achieve a successful future, research and education remain vital and we will continue to generate funds for and to invest in these activities.

Finally, a thank you to all our staff for their commitment and hard work in creating a successful year for the RHN and an exciting future!

Paul Allen
Chief Executive
Royal Hospital for Neuro-disability



Our purpose

- ▶ The RHN's mission is to provide care for people with profound or complex disabilities resulting from damage to the brain or other areas of the nervous system. We achieve this through the provision of specialist services, rehabilitation and research that enable patients to enjoy an optimal quality of life.

The RHN raises funds and applies for grants to:

Fund additional therapies and services that enhance the rehabilitation or treatment of patients/residents

Purchase specialist equipment



Enable research and education in neuro-disability

Specific redevelopment and refurbishment of hospital buildings

Public benefit

In annually reviewing the RHN's purpose and objectives, the Board has considered the Charity Commission's general guidance on public benefit and, in particular, its supplementary guidance on fee charging; and is satisfied that it meets the criteria in full.

Activity at the RHN during 2015/16



*Average estimates

In the specialist nursing home we achieved our target of 98% occupancy.

In specialist services the target of 95% occupancy was not reached, due to a slow-down in referrals to the Huntington's Disease unit. For 2016/17 we are reviewing how these beds will be used.

In the Brain Injury Service we were able to (when appropriate) either refer or discharge patients with a person-centred care plan ahead of the 28 week target.

Recognising the varying nature of our patients, our aim is to maintain and where possible, improve on these trends in the coming year.

Legal and Welfare Service (LAWS) for patients and families

In February 2016, our Leisure and Families Service (LaFS) began delivery of the Legal and Welfare Service (LAWS); a presentation was followed by an opportunity for patients and relatives to have a private consultation with a solicitor/lawyer. This weekly rolling programme is delivered free of charge.

2015/16 also saw LaFS officially partner with the Hair and Beauty department at South Thames College. The students and teachers visit the hospital to spend time on wards and to give free haircuts and simple beauty treatments to patients, relatives and staff.

The department also embarked on a partnership, with Imperial College.

A pilot scheme will see a group of medical students become volunteers and offer ward volunteering services. If this is successful we plan to roll out the scheme to all Imperial College medical students in the future.

For 2016-17, LaFS hopes to maintain its successful volunteering programme and look at how services can further meet the needs of patients and relatives.

Research and innovation

The aim of our research team is to advance the science of care and treatment for people living with neurological disability. This is done by conducting targeted research and sharing expertise including developing technological methods to enable profoundly disabled people to be as independent as possible. We communicate widely with professionals and the public regarding improving care for profoundly disabled people.

During the year, the RHN hosted its annual conference whose theme was “Challenges and Opportunities for Nursing in Brain Injury”.

In the year the RHN also hosted for the first time the winter meeting of the Society for Research in Rehabilitation. The two symposia themes were “New Research Perspectives from Rehabilitation in Prolonged Disorders of Consciousness, and “New Perspectives in Paediatric Rehabilitation.

This was our first full year of running the Schwartz rounds in collaboration with the Point of Care Foundation and with generous support from the South London Health Innovation Network.

Schwartz Rounds are a multidisciplinary forum designed for all staff to come together once a month to discuss and reflect on the emotional and social challenges of their jobs.

Sharing the learning

The year was marked by the refurbishment of our training and conference facilities that enable us to offer delegates an improved learning environment.

We welcomed medical students from St George’s Hospital to our Neuroplus teaching sessions and we ran five open lectures and 15 lunchtime seminars.

Our staff also organised 14 training courses and events attracting over 400 delegates during the year.





Our charity

- ▶ Our charitable status allows us to provide additional services and therapies for patients and residents, over and above their contracted care. This ensures they get the best possible holistic treatment and an enhanced quality of life.



Charitable funds were generated through:

- Corporate partners
- Major donors and legacies
- Donor development
- Trusts and foundations
- Events

Donations to the charity provided funding for:

- An extensive programme of on and off-site leisure activities
- Aquability, art, music, computer and gardening therapy sessions
- Equipment including beds and hoists
- In-house multi-faith chapel service
- Nurse escorts and transport for patient outings
- A programme of research and technology development
- Specially adapted wheelchairs and mobility equipment
- Volunteer training
- Capital works

Thank you...

Last year we received generous support from a number of Trusts and Foundations and would like to thank the following,

- The Albert Hunt Trust
- The Bernard Coleman Charitable Trust
- Borrows Charitable Trust
- Bruce Wake Charitable Trust
- The Elizabeth and Prince Zaiger Trust
- The Elizabeth Frankland Moore and Star Foundation
- Freemasons' Grand Charity
- The George and Esme Pollitzer Charitable Settlement
- The GC Gibson Charitable Trust
- Hedley Foundation
- The John Coates Charitable Trust
- The Kirby Laing Foundation
- Mrs Maud Van Norden's Charitable Foundation
- Metropolitan Masonic Charity
- Peacock Charitable Trust
- The Sackler Trust
- The Sir James Reckitt Trust
- Slater & Gordon Health Projects and Research Fund in association with The London Community Foundation
- Sports England – Get Equipped Fund
- The Vernon N Ely Charitable Trust
- The William Allen Young Charitable Trust
- The William Frederick Haines Foundation
- Wimbledon District Nursing and Midwifery Benevolent Society
- The Wimbledon Foundation

We would also like to thank all trusts and foundations who continue to support our work, those who donate anonymously, Mr David Shaw, Mr Peter Stormonth Darling and all of our generous individual supporters.

All these contributions make a vital difference to the lives of patients and residents every day.



Managing our risks

- ▶ In order to minimise or eliminate risks to the charity during the 2015/16 financial year, potential risks were identified and regularly reviewed by the Executive team and Trustees.

The RHN identifies its principal risks as quality of care, recruitment and retention of staff and financial sustainability. The Audit and Risk Committee reviews all significant risks quarterly before consideration by the Board.

Quality of care

The RHN has numerous controls to ensure that it exerts appropriate standards of safety and care. Initiatives this year included an improved incident reporting system, an increased focus on the dissemination of learning outcomes, the development and rollout of eLearning for all staff and the improvement of the clinical risk register.

Risk registers (clinical and medicines) are updated monthly and incorporated in the corporate risk register which is reviewed monthly by the Executive Management team.

The RHN's Board Committee with oversight of safety and quality of care and the review of the clinical risk register is the Patient Safety and Quality Committee.

Recruitment and retention of staff

The RHN values its staff highly and invests resources in ensuring a happy and productive workforce. The success of these efforts is borne out in staff survey results which show staff morale increasing from 55.3% in 2012 to 81.5% in 2016.

This year, we brought our clinical staff into alignment with NHS pay scales and introduced the London Living Wage. Development of our Putney Nurse qualification is progressing and we anticipate 13 nurses to attain the qualification in 2017; a preceptorship programme is also being developed.

Staff engagement in RHN strategy development is encouraged, and over 200 staff have attended engagement sessions to influence and help formulate our strategic plan for the next five years.



Financial sustainability

The RHN recognises that in order to continue to improve and provide the highest quality of care to patients, it needs to be financially stable with an outlook of improving financial sustainability.

The RHN recorded a financial surplus and a position of healthy reserves for the financial year ending 30th September 2016. The budget for the financial year ending 30th September 2017 is also intended to achieve a surplus and healthy reserves.

The RHN's primary sources of funding are the NHS and local authorities that themselves are under financial pressure. In order to mitigate the RHN experiencing funding shortfalls, we work in partnership with commissioners, entering into long term contractual agreements that provide financial security.

The RHN has sufficient reserves that guarantee operations for the foreseeable future and is engaged in a longer term financial plan as part of a corporate strategy. Further disclosures are available within the financial review and note 1.3 of our accounting policies.

The RHN's Board Committee with oversight of finances is the Finance Committee.



Financial review

- ▶ The RHN reported an overall net movement in funds for the year of £7.3 million (2015 - £0.01 million) comprised of the following:

Charitable activities	30-Sep-16 £ million	30-Sep-15 £ million
Total incoming resources	38.03	34.97
Expenditure thereon	(35.40)	(33.90)
Net income on charitable activities	2.63	1.07

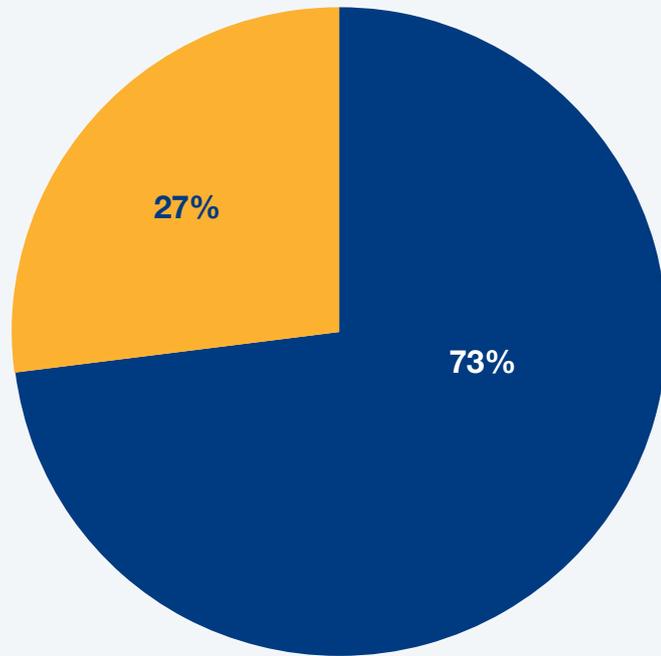
Your donations

Within the income above, the charity received £2 million from donations and fundraising analysed below.

Donations received for charitable expenditure during the year ended 30 September 2016	£000's	£000's
Unrestricted		1,459
Restricted:		
Additional therapies and services	257	
Purchase of specialist equipment	65	
Research and education	121	
Specific redevelopment and refurbishment of hospital buildings	100	
		543
		2,002

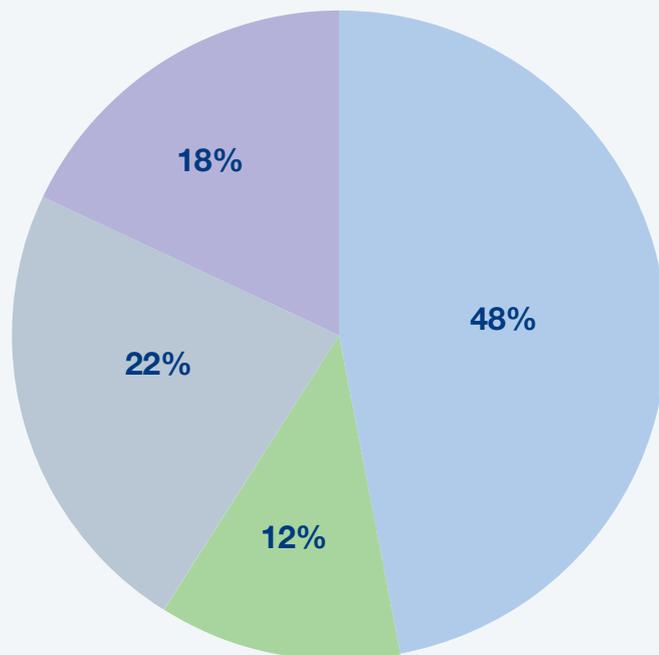
Breakdown of unrestricted and restricted donations received during the year

- Unrestricted
- Restricted



How the restricted funds are spent:

- Additional therapies and services
- Purchase of specialist equipment
- Research and education
- Specific redevelopment and refurbishment of hospital buildings





Achievements and performance

The RHN was a member of The Fundraising Standards Board (FRSB) which was set up as the regulator of charity fundraising in the UK in 2007.

As a member, we were monitored and carry out our fundraising in an ethical way, ensuring that everything we do is legal, transparent, honest, respectful and can be accounted for.

Our compliance with FRSB meant adhering to certain codes of practice, namely the Institute of Fundraising's Code of Fundraising Practice, which ensures best practice is met.

Part of the practice involved recording all complaints, completing an Annual Complaints Returns Report and displaying the FRSB's logo, which conveyed our commitment to complying with legislation as well as building trust with supporters of the charity.

In January 2016 a new voluntary independent body - The Fundraising Regulator (FR) replaced FRSB.

To continue our commitment to ethical and best practice fundraising, the RHN is registered with the FR. The FR now holds the Code of Fundraising Practice for the UK and is responsible for determining the standards deemed acceptable for charitable fundraising in England and Wales.

The RHN operates in a challenging financial environment; but during the year we successfully negotiated significantly increased fee rates in our Specialist Nursing Home Service and Specialist Services along with a new three year contract with NHS England for our Brain Injury Service.

We also maintained high occupancy levels and were required to provide beds for greater number of 'delayed transfer of care' patients throughout the year because suitable alternative hospital or care home places were not available elsewhere.

There was also additional income from our Augmentative and Alternative Communication contract for services in the East of England. As a result, patient income increased by 19% to £35.6 million (2015 - £30 million). This increase has helped in part, to mitigate an increase in our operating costs, driven by:

- the introduction of the London Living Wage,
- new pay scales for our nursing staff,
- an increase in agency nursing costs, and
- other direct healthcare costs and general overheads.

As a result, RHN's core hospital activities show a surplus of £1 million for the year compared to a deficit of £3 million in 2015.

The renegotiation of our contract with NHS England for our Brain Injury Services and the increased fees for our Specialist Nursing Home has reduced some of the pressure on hospital operating margins. This allows money raised by RHN's donors to be used for a range of activities that enhance the hospital. That significant and generous support allows the hospital to invest in a range of therapies, research, services and amenities that are not funded by the NHS or other commissioning partners.

Investments	30-Sep-16 £ million	30-Sep-15 £ million
Net gains/losses during the year	2.63	(0.29)

The RHN's investments continue to be managed by a team from the charity division of Schroder & Co Ltd within asset allocation ranges agreed with RHN's Finance Committee. This follows their review of investments during the course of the financial year.

The RHN invests funds surplus to working capital requirements in a managed portfolio. For the 12 Months to 30 September 2016, our main portfolio returned an annual yield of 14.4%. Dividend income from investments at £0.6million is in line with 2015. The underlying value of these investments has increased during the year, reflecting stronger market conditions and as a result, a gain of £2.6 million was achieved (2015 - £0.3million loss).

Staff pension scheme	30-Sep-16 £ million	30-Sep-15 £ million
Actuarial gains/losses on the defined benefit scheme	2.10	(0.80)

The RHN closed its defined benefit pension scheme to new members in 2001 and then to existing members in 2006.

As at 30 September 2016, the defined benefit pension scheme liability was £2.6 million (30 September 2015 - £4.8 million).

It should be noted that on the basis that the Defined Benefit pension liability does not have an impact on day to day operations but for the annual payments in accordance with the agreed schedule of contributions.

The schedule of contributions agreed with the pension trustees is fully taken into account within all planning, budgeting and cash flow considerations.

The RHN continues to run a defined contribution scheme for its employees.



Connected charities and companies

The RHN owns 100% of the share capital of the Royal Hospital of Neuro-disability Services Limited. The results for the subsidiary are included within the consolidated accounts of RHN.

Reserves

In accordance with the Charity Commission's guidance, the Board has carried out a detailed review of the group's activities, identified the major risks the group is exposed to, and produced a financial risk assessment.

The desired level of free reserves is expressed as a range between £6 million and £15 million within which free reserves may fluctuate.

At 30 September 2016

- Free reserves, after adjustment for the defined benefit pension scheme liability as per FRS102 and designated funds, stood at £13.5 million (2015 - £8.6 million).
- Of the total £34.47 million reserves, £8.2m has been designated to a fixed assets fund representing the net book value of the RHN's fixed assets together with £6.5 million for planned maintenance and £4 million for future capital expenditure on the hospital buildings and equipment.

The Board has agreed a risk based policy to mitigate the following threats:

- Adverse movements in cash flow
- A shortfall in income net of fees payable
- A shortfall in voluntary income
- Falls in the realisable value of investments
- A contingency against the need to increase funding of the pension scheme
- A contingency against business interruption

The level of reserves is regarded as being at an acceptable level by the Board of Management.

In addition to these free reserves, the group held investments and cash of £1.7m as restricted reserves that are required to fund specific projects. Endowment Funds amounted to £0.7m.

Further details of the above are disclosed within the consolidated statement of financial activities and balance sheet on pages 33-34.



Looking forward

► Our general objectives for 2016/17 are to:

- Enhance the quality of care given to patients
- Recruit, retain and develop high quality staff
- Retain financial sustainability

With regard to staff, the humanisation programme will continue allied with renewed emphasis on increasing the complement of permanent and bank nurses; to facilitate the above, the RHN intends to achieve an operating surplus of at least 5% of income.

In 2017 we expect to develop our 'Plan for the Future' by creating a service development strategy. We recognise the support for families of patients is a very important part of our work, and a working group set up during 2016 will clarify and launch our service for families during 2017.

Under existing clinical leadership, a changed medical model for the RHN will be implemented and the recently formed clinical strategy group will commence a series of improvement initiatives, starting with how we look after our patients.

Research and education remains vital to underpin the successful future for the RHN. Uniquely, one important area of research is developing a series of outcome measures for patients with Prolonged Disorders of Consciousness (PDOC).

The year will see continued investment in the estate and its facilities through a programme of capital development and ongoing maintenance. These developments will not only help service improvement but also bring about substantial environmental improvements for patients, their relatives and staff.



Structure, governance and management

- ▶ The RHN's governing constitution is a Royal Charter and byelaws.

Members of the Board of Management (the Board) act as trustees of the charity. They are elected by the Governors at their Annual General Meeting (AGM) to act on behalf of the charity in the management of its business, property and affairs.

The Board is a non-executive body which has four meetings a year and sets the strategic direction of the RHN.

The Board of Trustees

The Board must be made up of 12 members who hold office for four years. They may not hold office for longer than two consecutive terms of four years, unless the Board decides there are exceptional circumstances.

Members of the Board retire by rotation at each AGM, with each of them being eligible for re- election, subject to the maximum service rule.

A formal recruitment process has been adopted. This includes open advertisement and interview to ensure the appropriate skills and experience are identified.

An induction programme and continuing trustee training is also in place.

Responsibilities of the board of management

The RHN board delegates certain functions to the Executive and Committees. The day to day running of the hospital is the responsibility of the Chief Executive.

The Chief Executive carries out operations according to the strategy and the budget set by the Board and is assisted by the executive team which meets every week.

Remuneration

On 1 April 2016, the charity introduced the Putney Scale for all nursing and therapy staff which is in line with the NHS Agenda for Change classifications. There are two components, basic pay and a market supplement that reflects the higher cost of inner London living.

Appointed by the Board of Management, the Remuneration Committee of Board Members is responsible for the remuneration of senior staff. Chaired by the Chairman of the Board, the Committee considers senior staff salaries and benefits. The Chief Executive provides advice to the Committee and acts as its Secretary.

Going concern

The Board has set out a review of financial performance and the group's reserves position.

With general funds of £16.1 million and net current assets of £5.4 million, the trustees consider the group has sufficient resources to continue for the foreseeable future.

Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. Further disclosures are available within note 1.3 of our accounting policies.

The Board similarly believes there are no material uncertainties that call into doubt the group's ability to continue. Therefore, the accounts have been prepared on the basis that the group is a going concern.





Trustees' responsibilities

- ▶ The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group, and of the incoming resources and application of resources of the group for that period. 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed.

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

The trustees are responsible for the maintenance and integrity of the charity and the group, and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Management on 25 January 2017 and signed on its behalf by:

Des Benjamin
Chairman
Royal Hospital for Neuro-disability



Independent Auditor's Report

▶ We have audited the financial statements of the Royal Hospital for Neuro-disability for the year ended 30 September 2016 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report of the Board of Management to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 30 September 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Matters on which we are required to report by exception

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

- the information given in the Annual Report of the Board of Management is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

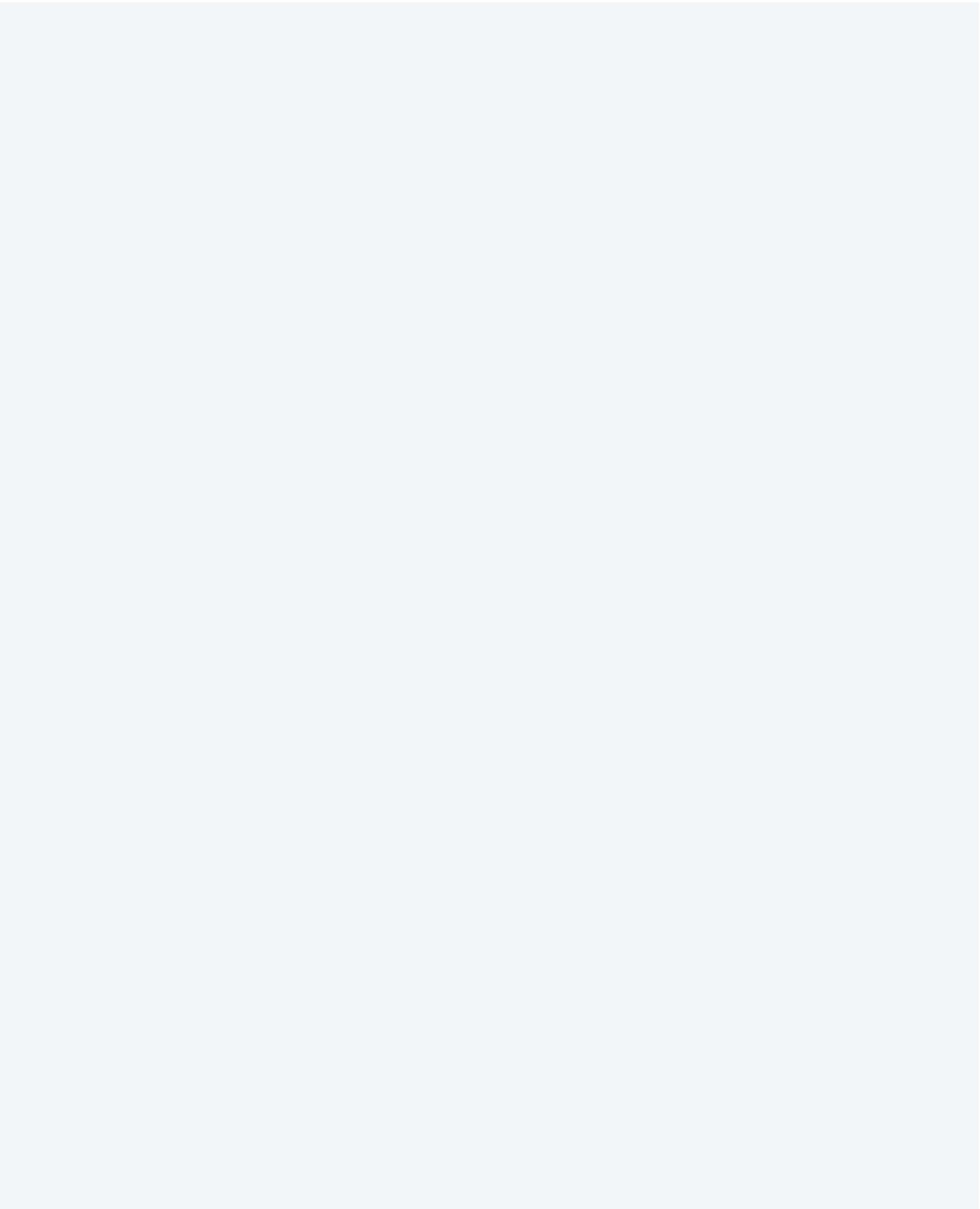
Crowe Clark Whitehill LLP

Statutory Auditor

London

Date: 30 March 2017

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



Simplified operating statement

for the Year Ended 30 September 2016

	2016 £'000	2015 £'000
Hospital		
Patient services income	35,364	29,793
Costs of patient services	(34,429)	(32,947)
Surplus / (Deficit) from Hospital Activities	935	(3,154)
Voluntary & other activities		
Income		
Donations and other fundraising	2,002	2,704
Investment income	588	593
Staff accommodation	244	261
Income from voluntary & other activities	2,834	3,558
Expenditure		
Fundraising & investment management fees	(940)	(921)
Staff accommodation	(30)	(25)
Expenditure of voluntary & other activities	(970)	(946)
Surplus from voluntary & other activities	1,864	2,612
Return on pension scheme investments	(170)	(152)
Gains on disposal of fixed assets	-	1,767
Net incoming resources	2,629	1,074

Consolidated Statement of Financial Activities (SOFA)

for the Year Ended 30 September 2016

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2016 £'000	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2015 £'000
Income and endowments from:									
Donations and legacies	2.1	1,221	511	-	1,732	1,610	827	-	2,437
Other trading activities									
- Fundraising events		238	32	-	270	212	55	-	267
- Trading activities		53	-	-	53	76	-	-	76
Investments									
- Investment income	2.2	418	-	-	418	441	-	-	441
Other									
- Gains on disposal of fixed assets		-	-	-	-	1,767	-	-	1,767
		1,930	543	-	2,473	4,106	882	-	4,988
Charitable activities	3	35,552	3	-	35,555	29,966	12	-	29,978
Total Income and endowments		37,482	546	-	38,028	34,072	894	-	34,966
Expenditure on:									
Raising funds	5.1	940	-	-	940	921	-	-	921
Charitable activities	4 & 5.2	34,002	457	-	34,459	32,300	671	-	32,971
Total expenditure	5	34,942	457	-	35,399	33,221	671	-	33,892
Net Income before gains and losses		2,540	89	-	2,629	851	223	-	1,074
Net Gains / (losses) on Investments		2,490	61	78	2,629	(271)	(11)	(13)	(295)
Net income		5,030	150	78	5,258	580	212	(13)	779
Transfers between funds	17	22	(22)	-	-	165	(165)	-	-
Other recognised gains		5,052	128	78	5,258	745	47	(13)	779
Actuarial gains / (losses) on defined benefit pension	7.5	2,056	-	-	2,056	(770)	-	-	(770)
Net movement in funds for the year		7,108	128	78	7,314	(25)	47	(13)	9
Reconciliation of funds									
Funds at 1 October		25,054	1,507	592	27,153	25,079	1,460	605	27,144
Total funds at 30 September		32,162	1,635	670	34,467	25,054	1,507	592	27,153

The RHN made no other unrealised gains or losses which do not appear on the SOFA. All the above are derived from continuing activities.

The notes on pages 36 to 49 form a part of these accounts.

Consolidated balance sheet

as at 30 September 2016

	Notes	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fixed assets					
Tangible assets	9	8,190	8,311	8,190	8,311
Investments	10	23,524	21,296	23,524	21,296
		31,714	29,607	31,714	29,607
Current assets					
Stocks	11	41	50	41	50
Debtors	12	4,244	4,423	4,239	4,421
Short term deposits		463	1,087	463	1,087
Cash and bank balances		4,687	1,409	4,683	1,402
		9,435	6,969	9,426	6,960
Creditors - Amounts falling due within one year	13	(4,049)	(4,659)	(4,040)	(4,650)
Net current assets		5,386	2,310	5,386	2,310
Net assets - Excluding pension liability		37,100	31,917	37,100	31,917
Defined benefit pension scheme liability	7.5	(2,633)	(4,764)	(2,633)	(4,764)
Total Net assets	17	34,467	27,153	34,467	27,153
Total funds					
Capital funds					
Endowment funds	17 & 18	670	592	670	592
Restricted funds					
Income funds	17	1,118	1,050	1,118	1,050
Other restricted funds	17	517	457	517	457
Unrestricted funds					
Designated funds					
- Fixed assets	17	8,190	8,311	8,190	8,311
- Planned capital expenditure	17	4,048	1,565	4,048	1,565
- Planned maintenance	17	6,484	6,573	6,484	6,573
Free reserves					
- General funds		16,073	13,369	16,073	13,369
- Pension reserve		(2,633)	(4,764)	(2,633)	(4,764)
Free reserves		13,440	8,605	13,440	8,605
Total funds		34,467	27,153	34,467	27,153

Approved by the Board of Management on 27 January 2016 and signed on its behalf by:



Des Benjamin
Chairman



James Gemmell
Treasurer

The notes on pages 36 to 49 form a part of these accounts.

Consolidated cash flow statement

for the year ended 30 September 2016

	2016 £'000	2015 £'000
Cash flows from Operating activities		
Net Cash Provided by (used in) Operating activities	2,429	688
Cash flows from Investing activities		
Dividends, interest and rents from investments	588	593
Buildings and Improvements towards	(418)	(165)
Plant, Machinery, Furniture, Equipment and Ambulances	(345)	(619)
Purchases of unrestricted investments	(352)	(3,367)
Purchases of endowment investments	(33)	(46)
Sale proceeds of investments	818	4,727
Decrease in short term deposits	(33)	61
Net Cash provided by (used in) investing activities	225	1,183
Change in cash and cash equivalents in the reporting period	2,654	1,871
Cash and cash equivalents at the beginning of the reporting period	2,496	625
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the beginning of the reporting period	5,150	2,496
Reconciliation of cash flows from operating activities		
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	5,258	779
Adjustments for:		
Depreciation charges	884	1,064
Pension fund contributions and finance costs	(74)	12
(Gains) / losses on investments	(2,629)	295
Dividends, interest and rents from Investments	(588)	(593)
Decrease / (increase) in stocks	9	(4)
Decrease / (increase) in debtors	179	(613)
Increase / (decrease) in creditors	(610)	(253)
Net cash provided by (used in) operating activities	2,429	688
Analysis of cash and cash equivalents		
Cash in hand	4,687	1,409
Notice deposits (less than 3 months)	Total 463	1,087
Total cash and cash equivalents	5,150	2,496

Notes to the Accounts

for the year ended 30 September 2016

Royal Hospital for Neuron-disability (Charity No. 205907)

1 Accounting Policies

- 1.1 The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the 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) issued on 16 July 2014 rather than the previous Statement of Recommended Practice: Accounting and Reporting by Charities which was effective from 1 April 2005 but which has since been withdrawn.

- 1.2 The accounts have been prepared in accordance with the Charities SORP (FRS102) and the RHN meets the definition of a public benefit entity under FRS 102.

These are the RHN's first set of accounts prepared under Financial Reporting Standard 102 (FRS 102), and in applying the accounting policies, the trustees have considered whether a restatement of comparative items were required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, the RHN recognised liabilities in respect of employees holiday entitlements carried forward and for the entitlement arising in the year which was due but not taken.

There were no other restatements required.

In accordance with the requirements of FRS 102 the RHN has provided a reconciliation of opening balances below

Reconciliation of group funds and balances	01-Oct-14 £'000	30-Sep-15 £'000
Reserves (as previously stated)	28,194	27,144
Deficit as previously stated	(676)	(59)
Holiday accrual	(374)	68
Fund balances as restated	27,144	27,153

- 1.3 Going Concern. The RHN has reported a net cash inflow of £2,654,000 for the year. The deficit on the pension plan has been reduced and a strategy which included closure of the defined benefit scheme and funding of any residual obligation has been adopted to further eliminate any deficit on its operational activities. The trustees believe the implemented strategy of a 5 year plan, obtaining higher funding for the continued provision of quality services to patients, together with controlled spending has reasonably secured the future of the Trust for the foreseeable future to sufficiently meet the requirements of a going concern. Neither the Trustees, nor any key persons within the charity were aware of either any other specific nor general events which would change the charity's status as a going concern.
- 1.4 The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the RHN and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. A separate SOFA for the charity is not presented as permitted by the SORP.
- 1.5 Income and expenditure are accounted for on an accruals basis and expenditure includes Value Added Tax where this is not recoverable.
- 1.6 Grants Receivable are included in the SOFA in accordance with the terms of the grant agreement and the SORP criteria of entitlement, probability of receipt and reliability of measurement.
- 1.7 Donations of equipment and supplies are included within the appropriate expenditure at cost or estimated value to the donor and within gifts and donations.
- 1.8 Legacy income is recognised at the earlier of the charity being notified of an impending distribution or the legacy being received. Where the charity has been notified of material legacies which have not been included in the SOFA because the conditions for recognition have not been met, this fact and an estimate of the amounts receivable has been disclosed in the notes to the accounts.

- 1.9 Patient services comprise the costs of nursing, treatment, therapy, domestic and catering services and the costs of buildings and equipment maintenance, heating, depreciation and other support services attributable to Patient care.
- 1.10 Research expenditure comprises staff costs and direct costs of medical research projects instigated by the RHN and their associated support costs.
- 1.11 Grants are charged to the SOFA in the period in which beneficiaries are noted and so a constructive obligation is entered into by the RHN.
- 1.12 Costs of generating funds comprises staff and running costs of the fundraising department together with any other costs directly associated with raising funds for the RHN, including related publicity costs. This expenditure heading also includes other costs associated with generating funds such as investment management fees and expenditure directly related to trading income.
- 1.13 Support costs, comprising facility charges, governance, management and administrative costs, are allocated to activities based on employee headcount.
- 1.14 The RHN operates a pension scheme which includes a defined benefit section and a defined contribution section. The assets of the scheme are held by the scheme trustees separately from the assets of the RHN. Further information on the pension scheme can be found in note 7.4 and 7.5.
- 1.15 Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.
- 1.16 Depreciation is charged on all fixed assets except freehold land, on a straight line basis, at rates calculated to write off the assets over their estimated useful lives as follows:
- Buildings 2%-20%
Plant and Machinery 7%-25%
Furniture and Equipment 7%-50%
- Tangible fixed assets costing more than £2,500 are capitalised at cost and depreciated at the rates shown. Impairment losses are included in the Statement of Financial Activities.
- 1.17 Fixed Asset Investments are included in the Balance Sheet at market value. Realised and unrealised gains and losses incurred during the year are included in the Statement of Financial Activities.
- 1.18 Stocks are valued at the lower of cost and net realisable value.
- 1.19 Unrestricted funds are funds which are available for use at the discretion of the Board in furtherance of the general objectives of the RHN and which have not been designated for any other purpose. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in note 18 to the accounts.
- Endowment funds comprise monies that must be held indefinitely as capital. Related income is credited to general funds and applied for general purposes unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.
- Designated funds comprise unrestricted funds that have been set aside by the Board for particular purposes. The use of the designated funds is set out in note 17.
- 1.20 Taxation - The RHN is a registered charity and is therefore not liable to direct taxes on income derived from charitable activities, as they fall within the various exemptions available to registered charities.
- 1.21 Key estimates and judgements Estimates and judgements are continually evaluated and are based on historical evidence and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- With regard to FRS102 Section 28 (Retirement benefits) and the RHN's defined benefit pension scheme, the best estimates used are chosen from a range of possible actuarial assumptions. Further disclosures of the estimates governing these retirement benefits can be found within note 7.5 of this annual report.
- 1.22 Financial Instruments
The group has financial assets and financial liabilities that qualify as basic and financial instruments. These are recognised at transaction value and subsequently measured at either their settlement value, or market value. The group has taken reduced disclosure exemptions for sections 11 and 12 of FRS 102.
- At the balance sheet date the charity held financial assets at amortised cost of £9.1 million (2015 £6.8 million). Financial assets at fair value through income or expenditure of £23.5 million (2015 £21.3 million), with financial liabilities amortised at cost of £3.1 million (2015 £3.8million).

2 Incoming Resources from Generated Funds and Other Activities

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2016 £'000	2015 £'000
2.1 Donations and Legacies					
Gifts & donations		547	491	1,038	1,375
Legacies		674	20	694	1,062
		1,221	511	1,732	2,437
2.2 Investment Income					
Listed investments		250	-	250	377
Interest on deposits		338	-	338	216
Net Return on pension scheme	7.5	(170)	-	(170)	(152)
		418	-	418	441

3 Income from Charitable Activities

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2016 £'000	2015 £'000
Patient services	3.1	34,707	2	34,709	28,791
Staff accommodation		244	-	244	261
Wheelchair & technology services		157	-	157	214
Other income from charitable activities		444	-	444	532
Grants receivable	3.2	-	1	1	-
		35,552	3	35,555	29,978
3.1 Patient services					
National Health Service		32,087	-	32,087	26,861
Local Authority		1,424	-	1,424	914
Prescription reimbursement		9	-	9	12
Non-NHS patients		594	-	594	471
Other sources		593	2	595	713
		34,707	2	34,709	28,971
3.2 Grants Receivable					
Funding research projects		-	1	1	-
		-	1	1	-

4 Expenditure on Charitable Activities

	Unrestricted Funds £'000	Restricted Funds £'000	2016 £'000	2015 £'000
Patient services	33,355	6	33,361	31,490
Staff accommodation	30	-	30	25
Wheelchair & technology services	441	-	441	670
Other charitable activities	136	266	402	455
Research	40	185	225	331
	34,002	457	34,459	32,971

Patient services comprise the costs of nursing, treatment, therapy, domestic and catering services and the costs of buildings and equipment maintenance, heating, depreciation and other support services attributable to patient care.

5 Total Expenditure

	Direct costs £'000	Support costs £'000	Total 2016 £'000	Total 2015 £'000
5.1 Expenditure on raising funds				
Voluntary income	671	69	740	733
Trading expenses	37	4	41	39
Fundraising events	34	3	37	30
Investment management	122	-	122	119
	864	76	940	921
5.2 Expenditure on charitable activities				
Patient Services	27,526	5,835	33,361	31,490
Staff accommodation	25	5	30	25
Wheelchair & technology services	364	77	441	671
Other charitable activities	332	70	402	455
Research	186	39	225	331
	28,433	6,026	34,459	32,972
Total expenditure	29,297	6,102	35,399	33,892

Costs of generating funds comprises staff and running costs of the fundraising department together with any other costs directly associated with raising funds for the group, including related publicity costs. This expenditure heading also includes other costs associated with generating funds such as investment management fees and expenditure directly related to trading income.

6 Support costs

	Expenditure on raising funds £'000	Expenditure on charitable activities £'000	Total 2016 £'000	Total 2015 £'000
Administration and management	28	2,200	2,228	2,439
Building expenses	24	1,868	1,892	2,114
Finance	5	422	427	413
Human resources	8	612	620	572
Information technology	8	658	666	539
Governance	3	219	222	34
Statutory audit	-	33	33	43
Non-audit services	-	14	14	17
	76	6,026	6,102	6,171

Total expenditure includes the allocation of support costs to the various expenditure categories set out in the SOFA. These support costs relate to information technology, property and facilities management, human resources and finance in addition to the support costs incurred by communications and other centralised departments that are not otherwise directly allocated. Support costs have been allocated to activities consistently based on employee headcount.

7 Employee Information

	2016 £'000	2015 £'000
7.1 Staff costs during the year were as follows:		
Salaries and wages	24,453	22,671
Social security costs	1,741	1,600
Other pension costs and life assurance premiums	1,254	1,398
	27,448	25,669

Included within the wages and salaries figure above is the cost of employing agency staff.

	2016	2015
7.2 Employees whose emoluments exceeded £60,000 were as follows:		
£60,000 to £69,999	3	5
£70,000 to £79,999	5	3
£80,000 to £89,999	2	-
£90,000 to £99,999	1	2
£100,000 to £109,999	2	2
£110,000 to £119,999	3	2
£120,000 to £129,999	-	-
£130,000 to £139,999	1	1
£180,000 to £189,999	1	-
£220,000 to £229,999	-	1
	18	16

16 employees (2015 - 15) earning more than £60,000 were members of the defined contribution section of the scheme, employers' contributions payable during the year in respect of these employees amounted to £102,975 (2015 - £93,830).

Remuneration of Key Management Personnel (Executive team) payable during the year amounted to £828,502 for 9 staff (2015 - £782,177 for 7 staff).

	2016	2015
7.3 The average number of staff employed was as follows:		
Patient services	623	611
Research	7	8
Other charitable activities	39	35
Generating funds	10	11
Governance	2	1
	681	666

7.4 The group operates a pension scheme for those members of staff who are eligible.

The scheme has two sections:

- A defined contribution section which, since 1 October 2006, includes all active members of the scheme. An eligible jobholder will be automatically enrolled as a member of the scheme on his automatic enrolment date. The contribution by the employer depends on whether a member is on the first or second tier. If a member has been automatically enrolled or has opted to join the scheme on the first tier contribution basis, the percentage required will be the minimum required under section 20(1)(b) (taking into account the transitional periods under section 29) of the Pension Act 2008.

If a member is already in a scheme prior to 1 January 2014 or if the member has opted to be a member on the second tier contribution basis, the percentage will be determined by the member's age as per the table below. A member can elect to move from the first tier to the second tier contribution basis on becoming a member or on providing one month's written notice, with the exception of a member who does not work under a contract of employment.

- A defined benefit section, which was closed to new members on 1 November 2001 and closed to future accrual on 30 September 2006, when members were invited to join the defined contribution section.

The assets of the scheme are held by the scheme trustees separately from the assets of the group.

The rates of contribution on the second tier basis are:

	Defined contribution
Employer contributions:	
age 18 to 35	4.0%
age 36 to 50	7.0%
age 51 to 65	10.0%

In addition the group pays death in service insurance premiums in respect of members of the scheme in the second tier.

Employers pension contributions payable to the defined contribution section of the scheme were as follows:

	2016 £'000	2015 £'000
Defined Contribution	891	885

Pension contributions outstanding at the end of the year under the defined contribution scheme are as follows:

	2016 £'000	2015 £'000
Pension contributions outstanding at year end	110	106

A stakeholder scheme is also available to employees of the group, but no employer contributions are made to this scheme.

Defined benefit scheme

The most recent actuarial valuation was at 1 October 2013 and it reported a deficit of £1.8m in the pension scheme.

Since the triennial valuation in 2013, an annual contribution of £140,000 had been made towards the recovery plan.

This payment will continue until 31 December 2015 and a monthly instalment of £11,667, starting in January 2016, is payable until 31 July 2020.

7.5 Financial Reporting Standard 102

The group has adopted the full requirements of FRS102 Section 28 (Retirement Benefits) from the year ended 30 September 2006. The assumptions used in calculating the liabilities were as follows:

	2016	2015	2014
Inflation	3.3%	3.3%	3.5%
Salary escalation	n/a	n/a	n/a
Pension increases, subject to LPI	3.2%	3.2%	3.3%
Statutory revaluation in deferment	2.3%	2.4%	2.6%
Discount rate (pre and post retirement)	2.3%	3.7%	3.9%
Life expectancy for 65 year old male	87	88	88
Life expectancy for 65 year old female	89	90	90

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the long time period covered, may not necessarily be borne out in practice. The fair value of the assets for each category of asset are as follows:

	2016 £'000	2015 £'000	2014 £'000
Equities	4,530	5,725	7,440
Diversified growth fund	11,014	10,508	10,301
Other - equity linked bond fund	45,121	33,914	31,978
UK index linked	5,152	3,913	3,505
Bonds	11,280	9,276	8,799
Gilts	11,458	9,131	8,084
Cash	266	-	1,431
Total fair value of assets	88,820	72,467	71,538
Present value of scheme liabilities	91,453	77,231	75,520
Net pension liability	(2,633)	(4,764)	(3,982)

The expected return on Assets is 2.30% per annum which is set to equal the discount rate (2015 - 5.85%)

The scheme has a number of purchased annuities in respect of past retirements. These are understood to fully match the associated liabilities and so have been excluded from both the assets and the liabilities at each accounting date.

Amounts included in the Statement of Financial Activities

	2016 £'000	2015 £'000
Expected return on the pension scheme assets	2,597	2,739
Interest on pension scheme liabilities	(2,767)	(2,891)
Net return (other finance costs)	(170)	(152)
	2016 £'000	2015 £'000
Assets		
Assets in scheme at beginning of year	72,467	71,538
Movement in year:		
Expected return on assets	2,597	2,739
Employer contributions	245	140
Benefits paid	(2,897)	(2,795)
Actuarial (losses) / gains on assets	16,408	845
Assets in scheme at end of year	88,820	72,467
	2016 £'000	2015 £'000
Liabilities		
Liabilities in scheme at beginning of year	77,231	75,520
Movement in year:		
Interest cost	2,767	2,891
Benefits paid	(2,897)	(2,795)
Actuarial losses on liabilities	14,352	1,615
Liabilities in scheme at end of year	91,453	77,231

History of experience gains and losses	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Defined benefit obligation	(91,453)	(77,231)	(75,520)	(70,213)	(64,944)
Scheme assets	88,820	72,467	71,538	66,061	59,916
Deficits	(2,633)	(4,764)	(3,982)	(4,152)	(5,028)

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

	2016 £'000	2015 £'000
Deficit in the scheme at beginning of year	(4,764)	(3,982)
Movement in year	2,131	(782)
Contributions	245	140
Net return on pension scheme	(170)	(152)
Actuarial losses	2,056	(770)
Deficit in the scheme at end of year	(2,633)	(4,764)

7.6 Assets in the scheme as a percentage of total scheme assets	2016	2015
Equities	5.1%	7.9%
Diversified growth fund	12.4%	14.5%
Other - equity linked bond fund	50.8%	46.8%
UK index linked	5.8%	5.4%
Bonds	12.7%	12.8%
Gilts	12.9%	12.6%
Cash	0.3%	0.0%

8 Related Party Transactions

8.1 Trustees Remuneration and Expenses

Members of the Board of management are not entitled to and did not receive any remuneration during the year. Four members of the Board of management received £1,651 (2015 - £1,719) for reimbursement of expenses. These expenses related to travel and accommodation costs for attending Board Meetings. Trustees' Indemnity Insurance of £4,293 was paid for the year 2016 (2015 - £4,293).

9 Tangible Fixed Assets – Group and Charity

	Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000	Total £'000
Cost				
Opening balance	18,459	1,212	3,703	23,374
Additions	418	-	345	763
	18,877	1,212	4,048	24,137
Depreciation				
Opening balance	11,585	978	2,500	15,063
Charge for the year	428	76	380	884
	12,013	1,054	2,880	15,947
Net book value 2016	6,864	158	1,168	8,190
Net book value 2015	6,874	234	1,203	8,311

All fixed assets are held for charitable use.

10 Investments

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Market value at beginning of year	21,296	22,966	21,296	22,966
Purchases at cost	385	3,413	385	3,413
Proceeds from disposals	(818)	(4,727)	(818)	(4,727)
Net gains/(losses) on investments	2,628	(295)	2,628	(295)
Decrease in short term deposits	33	(61)	33	(61)
Market value at end of year	23,524	21,296	23,524	21,296
Historical cost at end of year	18,970	19,480	18,970	19,480
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Analysed by type				
Investments				
listed direct	14,102	13,049	14,102	13,049
unlisted direct	83	83	83	83
listed unit trusts	9,300	8,158	9,300	8,158
Term deposits	39	6	39	6
	23,524	21,296	23,524	21,296
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Geographical analysis				
United Kingdom investments	16,180	15,096	16,180	15,096
Overseas investments	7,344	6,200	7,344	6,200
	23,524	21,296	23,524	21,296

Individual investment which has a market value of 5% or greater of the overall portfolio are:

Artemis UK Special Situations Fund
Axa Framlington UK Select Opportunities Fund
Schroder Charity Equity Fund
Majedie UK Equity Fund
M&G Strategic Corporate Bond Fund

Short term deposits under the management of the charity's professional investment managers are included in fixed asset Investments as they form part of the overall investment portfolio.

The investment management fee for the year was £121,809 (2015 - £118,393).

11 Stocks

	Group and Charity 2016 £'000	Group and Charity 2015 £'000
Dispensing stocks	39	47
Other consumables	2	3
Additions	41	50

12 Debtors

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fees receivable	3,748	4,045	3,694	3,982
Other debtors	94	134	94	134
Prepayments	348	157	348	157
Amounts due from group undertakings	-	-	52	73
Accrued income	54	87	51	75
	4,244	4,423	4,239	4,421

13 Creditors - Amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Trade creditors	365	237	365	237
Other creditors	365	558	365	558
Taxation and social security	478	430	471	423
Accruals	1,889	2,528	1,887	2,526
Deferred income (note 13a)	952	906	952	906
	4,049	4,659	4,040	4,650

13a Analysis of accruals and deferred income

	Group and Charity £'000
Opening balance as at 30 September 2015	906
Changes during the year:	
amounts released to the statement of financial activities	(906)
new income deferrals	952
Closing balance as at 30 September 2016	952

14 Operating Leases

	2016 £'000	2015 £'000
Rentals charged in the year		
Land and buildings	6	7
Plant and machinery	10	10
Furniture and equipment	83	63
	99	80

	Land and Buildings £'000	Plant and Machinery £'000	Furniture and Equipment £'000
Payments due on operating lease obligations			
Within one year	6	3	79
Within two and five years	-	-	190
Over five years	-	-	-
	6	3	269

15 Capital Commitments

	2016 £'000	2015 £'000
Contracted for but not provided	64	175

This amount relates mainly to a project to enhance the catering available to patients, relatives and staff.

16 Subsidiary and Connected Entities

The RHN owns the whole of the issued share capital of Royal Hospital for Neuron-disability Services Limited, a company registered in England with a paid-up share capital of £1. The subsidiary is used for non-primary purpose trading activities.

All activities have been consolidated in the Statement of Financial Activities. The total net profit is gifted to the Charity.

A summary of the results of the subsidiary is shown below:

	Total 2016 £'000	Total 2015 £'000
Turnover	53	76
Cost of sales	(29)	(28)
Gross profit	24	48
Administrative expenses	(8)	(7)
Net profit before gift to charity	16	41
Gift (under Gift Aid) to Royal Hospital for Neuro-disability	16	41
Net profit	-	-

The aggregate of the assets, liabilities and funds was

Assets	60	82
Liabilities	(60)	(82)
Funds (representing 1 ordinary share of £1)	-	-

During the year, the RHN made the following transaction with its subsidiary, RHN (Services) Limited:

	Total 2016 £'000	Total 2015 £'000
Donations /Gift Aid to parent RHN	16	41
Administrative services	4	4
Interest charged by parent RHN to RHN Services on amounts unpaid	2	1

At the year end the following balances were owed to parent RHN by Subsidiary RHN (Services) Limited

	Total 2016 £'000	Total 2015 £'000
	52	75

17 Statement of funds

	Fund balance brought forward £'000	Incoming resources £'000	Resources expended £'000	Investment gains £'000	Pension scheme actuarial gains £'000	Transfers between funds £'000	Fund balance carried forward £'000
Unrestricted funds							
General funds	4,357	36,890	(33,961)	2,490	-	6,297	16,073
Realised and unrealised investment gains	4,247	-	-	-	-	(4,247)	-
Pension reserve	-	-	(170)	-	2,056	(4,519)	(2,633)
Total unrestricted funds	8,605	36,890	(34,131)	2,490	2,056	(2,469)	13,440
Designated funds							
Fixed asset fund	8,311	763	-	-	-	(884)	8,190
Planned capital expenditure	1,565	-	(763)	-	-	3,246	4,048
Planned maintenance	6,573	-	(218)	-	-	129	6,484
Total designated funds	16,449	763	(981)	-	-	2,491	18,722
Restricted funds							
Patients amenities fund	2	-	-	-	-	(2)	-
Other restricted donations	1,022	545	(452)	-	-	(20)	1,095
Research grants	19	-	-	-	-	-	19
Training grants	8	1	(5)	-	-	-	4
John Howard Convalescent Home	456	-	-	61	-	-	517
Total restricted funds	1,507	546	(457)	61	-	(22)	1,635
Endowment funds							
Lopes Chaplains Stipend fund	8	-	-	-	-	-	8
Other endowments	584	-	-	78	-	-	662
	592	-	-	78	-	-	670
Totals	27,153	38,197	(35,569)	2,629	2,056	-	34,467

A summary of definition and descriptions

Name of fund	Description, nature and purpose of the fund
Unrestricted	These are the 'available' funds of the charity, after transfers to or from any other/designated funds and contributions to the pension reserve.
Designated	<p>These are amounts appropriated from the unrestricted category above for the continued development and maintenance of the charity's assets for:</p> <p>Fixed assets funds represent the net book value invested in fixed assets.</p> <p>Planned capital expenditure is for works to be utilised within the next five years. During the year, the RHN transferred £3,246,000 from its general fund to these designated funds.</p> <p>Planned maintenance expenditure the RHN expects to incur in the next five years.</p> <p>During the year, the RHN transferred £129,000 from its general fund to these designated funds.</p>
Restricted	<p>These are funds available only for the purpose under which they were received, unless permitted by the donor. Further described below:</p> <p>Other restricted donations relate to funds provided for varied but specific purposes including patient services and RHN assets. During the year, £22,000 of reserves identified as free reserves was transferred to general funds.</p> <p>Restricted funds for the John Howard Convalescent Home relate to the proceeds received on the agreed sale of a convalescent home in prior years. The asset was originally provided to the charity as a restricted fund.</p>
Endowment	<p>These are to generate specific income to contribute towards the cost of chaplaincy services available at the RHN and bequests which are required to be held as permanent endowments of the group. Income generated on the latter is available for the general purposes of the charity.</p> <p>Further details of these endowments can be found within notes 18 & 19.</p>

*Transfers are explained above with exception of those in unrestricted fund which reflect the appropriation of pension reserves within unrestricted funds.

18 Endowment funds

Included under endowment funds are the following:

	2016 £'000	2015 £'000
Permanent endowment:		
Lopes Chaplains Stipend fund	8	8
Other Endowment funds	662	584
	670	592

The Lopes Chaplains Stipend fund

This is a trust fund set up by the Rt. Hon. Sir Massey Lopes Bt to generate income to contribute towards the cost of chaplaincy services available at the Royal Hospital for Neuro-disability.

Other endowment funds

Other endowment funds represent several bequests which are required to be held as permanent endowments of the group. The income generated by these funds is available for the general purposes of the Charity.

19 Analysis of fund balances between the net assets

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total £'000
Tangible fixed assets	-	8,190	-	-	8,190
Fixed asset investments	11,805	10,532	517	670	23,524
Net current assets	4,268	-	1,118	-	5,386
Pension liability	(2,633)	-	-	-	(2,633)
Total funds at 30 September 2016	13,440	18,722	1,635	670	34,467



Registration

Under the registration system of the Care Quality Commission and the regulations laid down by Health and Social Care Act 2008 the Royal Hospital for Neuro-disability achieved its registration in 2010 and is therefore licensed to provide services under the regulations.

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Registered Charity Number 205907



Royal Hospital for Neuro-disability

