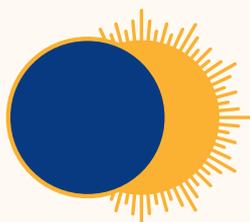




# ANNUAL REPORT AND ACCOUNTS

**2018/19**

Financial year ended  
30 September 2019



Royal Hospital for  
Neuro-disability

**Our patron**

Her Majesty Queen Elizabeth II

**President**

Leonora, Countess of Lichfield

**Vice Presidents**

Peter Malpas,  
Ruth Maxwell  
Shirley Palmer  
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 (Non Trading)

**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

Group Chief Executive at SimplyHealth for 13 years and President of the Institute of Customer Service.

### James Gemmell – Treasurer and Deputy Chairman

Formerly a Partner and Chairman of the accountancy firm Horwath Clark Whitehill (now Crowe UK), and European Executive Chairman of Horwath International (now Crowe Global).

### Dr David Mitchell – Deputy Chairman

Medical Director and the Responsible Officer for the Hospital of St John and St Elizabeth, David was previously Medical Director at Imperial College Healthcare NHS Trust and Consultant in General and Chest Medicine at St Mary's Hospital London.

### Les Broude

Worked at Mars Snackfoods Europe, Barclays Bank and Premier Foods PLC, then became a Non-Executive Director and Audit Committee Chair at Buckinghamshire Healthcare NHS Trust. He is an honorary independent member of the Trust's Charitable Funds Committee. In addition, he is a Non-Executive Director of South Central Ambulance Service NHS Foundation Trust.

### Mark Cooke (from 29 January 2020)

A non executive director of ORX Association and Group Head of Operational Risk, Group General Manager of the HSBC Group.

### Dominic Fairclough

A partner in the personal injury and clinical negligence team at Russell-Cooke solicitors, whose expertise includes advocacy in Coroners Courts advising on clinical negligence and personal injury claims.

### Lynda Hamlyn CBE (from 29 January 2020)

Worked in and possesses extensive NHS and local government experience; she has been the Chief Executive of NHS Blood and Transplant until 2014 and before that, the Chief Executive at a number of NHS organisations.

### Terry Hanafin CBE

Former Chief Executive of Essex Strategic Health Authority, Croydon Health Authority and the London Borough of Lewisham. He has also served as Director of Public Services Research for the Audit Commission.

### Julie Harding

A HR professional working with HBSC for over 30 years in Australia, Brazil and the UK. Experienced in culture change, she was appointed HR director for the Co-operative Bank as part of their turn-around team and led the Culture Transformation Programme at the House of Commons.

### The Right Reverend Dr Christopher Herbert

Retired as Bishop of St Albans in 2009; now a respected lecturer in the ethics of end-of-life care, he was a member of the House of Lords Select Committee on Assisted Dying for the Terminally Ill. He is Visiting Professor of Christian Ethics at the University of Surrey.

### Anna Marks

A senior partner at Deloitte working with publically listed corporates, and a member of the Deloitte Board and the Board of the CBI.

### Hugh Rees (from 29 January 2020)

A non-executive director at Enigma Healthcare based in Singapore and formerly the Chairman and CEO of Wilkinson Healthcare.

### Deborah Sanders

Group Chief Nurse at the Royal Free London NHS Foundation Trust and board member of the Royal Free Hospital Nurses' Home of Rest Trust.

### Dr Yen Fong Tai (from 11 April 2019)

A consultant neurologist and honorary Clinical Senior Lecturer with a clinical and research interest in the treatment of movement disorders and neurodegenerative diseases.

### In addition, the following served this year:

Dr Dipak Datta – (until 11 April 2019)

## Executive Directors

Paul Allen - Chief Executive

Jane Beaven - Director of Fundraising and Communications

Frances Low - Director of Governance

Dr Michael Marrinan – Medical Director

Emily McWhirter – Director of Nursing

Lesley Mill – Director of Service Delivery (from 1 January 2019)

Nanda Ratnavel – Director of Finance

### In addition, the following served this year:

Dr Diane Playford – Director of Research (until 11 October 2018)

## Our Board committees

### Audit and Risk Committee

Les Broude – Chairman  
Mark Cooke (from 29 January 2020)  
Terry Hanafin  
Julie Harding

### Board Medical Committee

Dr Dipak Datta – Chair (until 6 March 2019)  
Dr David Mitchell – Chair (from 26 June 2019)  
Dominic Fairclough  
Deborah Sanders  
Dr Yen Fong Tai (from 11 April 2019)

The Executive and senior clinical staff are also members

### Chairman's Committee

Des Benjamin – Chairman  
James Gemmell – Treasurer and Deputy Chairman  
David Mitchell – Deputy Chairman  
Julie Harding

### Ethics Committee

Christopher Herbert – Chairman  
Des Benjamin  
Dominic Fairclough  
Laurence Oates  
Paul Allen – Chief Executive  
Geoff Coyne – Hospital Chaplain  
Dr Andrew Hanrahan – RHN consultant nominated by the Chief Executive  
Michael Murrinan – Medical Director  
Emily McWhirter – Director of Nursing

### Finance Committee

James Gemmell – Chairman  
Hugh Rees (from 29 January 2020)  
Stephen Ford (Co-optee)  
Anna Marks

### Nominations and Remuneration Committee

Des Benjamin – Chairman  
James Gemmell  
Julie Harding  
David Mitchell

### Patient Safety and Quality Committee

David Mitchell – Chairman  
Terry Hanafin  
Julie Harding  
Christopher Herbert (until April 2019)  
Trudi Kemp  
Deborah Sanders  
Dr Yen Fong Tai (from 11 April 2019)

### Research Advisory Committee

Professor Christine Collin (Chair) (Co-optee)  
Mark Edwards (Co-optee)  
Peter Garrard (Co-optee)  
Jolanta Opacka-Juffr (Co-optee)  
Mike Smith (Co-optee)

## Our advisors

### Auditors

BDO LLP  
55 Baker Street  
London  
W1U 7EU

### Bankers

National Westminster Bank plc  
153 Putney High Street  
Putney  
London SW15 1RX

### Insurance Brokers

JLT Specialty Limited  
Merlin House  
Brunel Road  
Theale  
Reading  
Berkshire RG7 4BY

### Investment Custodians

Schroder & Co Bank AG  
Central 2  
8021 Zurich  
Switzerland

### Investment Manager

Cazenove Capital Management  
1 London Wall Place  
London  
EC2Y 5AU

### Solicitors

Capsticks  
1 St George's Road  
London SW19 4DR

### Fieldfisher

Riverbank House  
2 Swan Lane  
London EC4R 3TT

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# Chairman's welcome



The Royal Hospital for Neuro-disability can look back on this year with a good deal of satisfaction. We have invested in strengthening our staff team, and have created significant new hospital facilities.

The Royal Hospital for Neuro-disability can look back on this year with a good deal of satisfaction. We have once again fulfilled the ambition of our founding charter, providing high quality care to our patients and residents in a skilful and empathetic way. It is what we are here for and we do it well. Additionally, we have invested considerable resources into strengthening our staff team and we have created significant new hospital facilities that will enable us to provide many more years of service to the public in the future.

The quality of our care depends on the ongoing investment in our people. We have expanded and improved the scope of our Putney Nurse and Putney Healthcare Assistant training schemes and have seen large increases in the number of people qualifying in these important skills. We have also introduced In-Vitro antibiotic treatment of patients within the hospital, saving our patients and residents many journeys to surrounding hospitals which are uncomfortable and disorienting for them. Our nursing staff have been given all the key skills training facilities they need to do this safely and effectively for our patients.

Many ward staff have also been trained in the use of our new electronic patient record system which helps enormously with recording the observations of – and the medications and treatments received by – our patients, thus improving accuracy, timeliness and the ability to recall information quickly. Alongside this a whole host of other training has taken place across the RHN this year on subjects such as sepsis, effective patient communication and ethics in medicine.

Our programme of research has become much more strategically focused and we now have four PHD programs in progress, each one seeking to improve our knowledge about brain injury so that we can treat our patients ever more effectively. The annual schedule of conferences, social events and outings is busy, productive and above all enjoyable for all those who become involved.

Just as evident as the enormous amount of training and learning that is taking place at the RHN, has been the work to improve our buildings and facilities. To that end, this year we have been fortunate enough to open a fully refurbished Drapers ward which is meeting all the expectations of a thoroughly modern brain injury unit. We have also been able to open our long awaited main therapy hub, where eight fully equipped bays now enable us to treat our patients more comfortably and effectively. New dentist facilities, refurbished treatment rooms and a new X-ray facility complete the patient centred upgrades to our hospital.

However, we haven't stopped there. We have also recommissioned the Haberdashers ward which had been empty for a number of years and which, I am very pleased to report, means that we are now able to provide a service to younger

people coming from Children and Young Adult facilities who need the level of care and attention that the RHN is able to offer. Very pleasingly all eleven beds in this new ward have been taken on an ongoing basis by Surrey Downs CCG, who are delighted that this new facility exists for the young people who so desperately need it.

We were also increasingly concerned about the state of repair of our staff accommodation, and this year we have finished a major refurbishment to the renamed 'Bellringer House' which enables us to provide living accommodation for around seventy nurses and healthcare assistants who come to work at the RHN.

The timing of this refurbishment could not have been better, as this year we have also led remarkably successful initiatives to recruit nurses from both Dubai and the Philippines. We have been unable to fill our nursing vacancies from within the United Kingdom for a number of years and the remarkable efforts of our director of nursing and a small team who accompanied her on these recruitment drives have put us in the position that we expect to fill all our vacancies within a few months of this report.

Our finances remain robust, although our margin at the hospital operating level has reduced this year. This is something that we will keep at the forefront of our minds as the climate for charitable fundraising remains difficult and the funding economics around the NHS are also a concern at the moment (they are of course our main customer).

It goes without saying that I give my profound thanks to all our staff, to our patients, residents and their families, to our volunteers, to our executive directors and our trustees for their diligence, commitment, patience and goodwill – all of which they all bring to serve our community at the RHN. Next year will undoubtedly present us with new and impressive challenges, that will always be true, but I believe we have the strength in depth and the commitment to face the coming year with confidence and that we will again fulfil the promise that our founders made, to look after those people most in need.

As I write this we are in the midst of the COVID-19 pandemic. The possible implications are reviewed in this report. In such uncertain times I hope that you and your families stay well and look after those near you. The RHN is doing all it can to keep patients, staff and visitors safe.

I wish everybody a happy, healthy and successful year ahead.

A handwritten signature in blue ink, appearing to read 'Des Benjamin'. The signature is stylized and written in a cursive-like font.

**Des Benjamin**  
Chairman  
Royal Hospital for Neuro-disability

# Chief Executive's introduction



The past year has been very much a year for delivery, with investment in our infrastructure and development of our clinical services.

In 2018/19 we have made significant progress against our strategy, published as our 'Plan for the Future' in 2016 and refreshed in 2018. The past year has been very much a year for delivery.

This has been most tangible in the investment in our infrastructure. The £3.2m investment in the refurbishment of Drapers ward and the creation of a therapy hub was completed during the year and has been widely acclaimed by patients and staff. Work is well underway to reconfigure and refurbish Evitt and Cathcart wards (which are in our original building), which like Drapers will provide state-of-the-art care facilities for the future. This £4.1m project will be completed in April 2020.

Some of our investment has been to specifically support the development of clinical services. Haberdashers House has been refurbished and reopened, with a new service for young adults aged 18-25. This exciting development meets the needs of a patient group who are generally not well catered for in the wider health service. We have also expanded our specialist dental service, adding a second chair designed for our patients, and we have created a new pharmacy on the ground floor, for which we have taken the provision for the Brain Injury Service back in house.

In order to support our campaign to recruit nurses, we have completed refurbishment of the staff accommodation building, Bellringer House. In recent months we have conducted two major nurse recruitment campaigns overseas, one in Dubai and one in the Philippines. The latter has been particularly successful, and as a result we are expecting nurse vacancies to fall to zero early in 2020.

Two significant clinical developments have occurred during the year. Firstly, the provision of intravenous antibiotics at the RHN is now up and running, and gradually being rolled out through the hospital. This will be of great benefit to patients in avoiding admissions to acute hospitals for the treatment of infections. Secondly, the Electronic Patient Record has been introduced, with e-observations now in place on all wards, and e-prescribing being in place on four. This will be of great benefit in terms of accuracy of record keeping and efficiency.

Financially, we have had a challenging year, and although we have generated an overall surplus, at the hospital level we have missed budget and generated a slight loss. While there have been some income challenges, the main reason for this is slower than projected nurse recruitment – resulting in significant additional agency costs.

The successes in nurse recruitment outlined above should greatly improve this situation, and we are forecast to return to surplus at the hospital level in 2019/20.

Fundraising continues to be an important source of funds, both to support additional services and to invest in our capital projects. Attracting voluntary income is always a challenge and this has been a difficult year following a highly successful prior year. However, at year end we were very grateful for a donation of £0.5m from the Garfield Weston Trust to support our appeal for the Evitt/Cathcart project.

During the year we published in new five-year research strategy, based on five key themes. An important part of this strategy is creating PhD fellowships and we currently have four members of staff actively engaged in PhD research.

The executive team has been in place throughout the year with just one addition, with Lesley Mill being promoted to the new role of Director of Service Delivery. I would like to thank all the team for their hard work and support throughout the year.

Progress towards creating a better, more successful hospital will sometimes be faced with setbacks and two clinical incidents reported recently resulted in a short-notice focused CQC inspection. Patient safety is always our priority and we are confident that the issues raised in that inspection are fully addressed.

A subsequent comprehensive inspection conducted in 2020 by the Care Quality Commission rated us as 'Requires Improvement'.

While the full ramifications of COVID-19 are still developing, they are having a significant effect on operations. We hope that these effects will be relatively short lived. Our commitment to delivering our purpose and vision; whilst continually improving outcomes remains undiminished.

A handwritten signature in blue ink, appearing to read 'Paul Allen'.

**Paul Allen**  
Chief Executive  
Royal Hospital for Neuro-disability



Noah was out celebrating a friend's birthday when he leaned against the promenade railing on Brighton seafront. The 18 year old lost his balance, fell backwards and crashed ten metres to the ground below.

Noah arrived at the RHN in April to begin his rehabilitation programme. Since arriving, Noah has progressed quickly in a short period of time.

# Report of the trustees

for the year ending 30 September 2019

The Trustees are pleased to present their annual report, together with the financial statements of the charity for the year ended 30 September 2019.

The financial statements comply with the Charities Act 2011 and the Statement of Recommended Practice, applicable to charities preparing their accounts in accordance with the Financial Reporting Standard 102, applicable in the UK and Republic of Ireland (effective 1 January 2015).

## Our purpose

The charity's objects contained in the Royal Charter can be defined as enabling people with profound or complex disabilities, resulting from damage to the brain or other areas of the nervous system, to enjoy an optimal quality of life through enhanced independence.

## Public benefit

The Royal Hospital for Neuro-disability's trustees have considered the Charity Commission's published guidance on public benefits requirements under the Charities Act 2011.

The Charity carries out its objects and activities through:

- contracts with NHS England to provide rehabilitation to adults following catastrophic brain injuries
- contracts with Clinical Commissioning Groups and others to provide care to adults who, following brain injury, require continuing specialist and complex care
- fundraising in order to enhance the care and wellbeing of patients and residents, by improving facilities available to them, developing and providing therapies such as occupational art and music therapies, offering recreational and social events, and providing pastoral care to all – whatever their faith or background

## Our charity

Founded by Andrew Reed in 1854, the Royal Hospital for Neuro-disability (RHN) is one of the oldest independent hospitals and charities in the UK – today we are a charity hospital and research centre.

Our charitable status enables us to raise funds for a variety of specialist services that complement the NHS-funded care package received by our patients and residents. These services help to improve the quality of life for our patients and residents living with severe neurological disabilities.

As a medical charity with a holistic approach to treatment, our specialist care, therapies and rehabilitation services help us to provide support, not just to those in our care, but to their families too.

# Fundraising

To show our commitment to best practices, we are registered with the Fundraising Regulator (FR) and adhere to its code of practice for charitable fundraising in the UK.

We record and respond promptly to all complaints received, submit an Annual Complaints Returns Report and update our records to reflect the preferences of our stakeholders and/or beneficiaries – this year, no complaints have been received. This is done to assure the public, our supporters, and those we care for of our respectful, accountable, open and transparent approach to fundraising.

We generate charitable funds through a variety of channels – events and contributions from corporate partners, trusts and foundations, individuals and legacies.

The voluntary donations we receive provide funding for specialist and additional services that enhance our patients' and residents' time with us, be that for a few weeks or a number of years. These include:



aquability



music  
therapy



occupational  
art therapy



a variety of on- and  
off-site recreational  
activities



specially-adapted  
wheelchairs and mobility  
equipment



nurse escorts and  
transport for patient  
outings

Donations also go towards training our invaluable volunteers, funding research and heritage projects and specific refurbishment works. The costs of fundraising in 2018/19 represented 33% of the funds raised (2018: 16%).

As a responsible charity, we take managing our donors' and supporters' personal data very seriously, therefore we ensure data is obtained ethically, lawfully, held securely and only used for the purpose for which it was gathered. In line with GDPR guidelines, our updated online privacy notice ([www.rhn.org.uk/help/privacy](http://www.rhn.org.uk/help/privacy)) gives detailed information about the gathering, handling and use of personal data by the RHN.

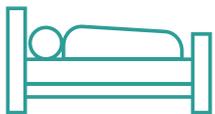


Serena taking part in the Prudential RideLondon-Surrey 100-mile cycle in support of the RHN.

Donations from our supporters help us to provide life-enhancing services for our patients and residents. Each year our incredible fundraisers take on a host of challenges, hold events and raise awareness of our work.

# Activity at the RHN in 2018/19

The RHN had 199 admissions during 2019 (2018: 153). The hospital splits its services into two broad categories, namely its Brain Injury Service and its Continuing Care Service.



Aggregate bed capacity for the RHN in 2019 was 235 (2018: 227) of which Brain Injury Service was 47 (2018: 50) and Continuing Care 188 (2018: 177).

The increase in Continuing Care beds was as a result of recommissioning Haberdashers House thereby adding 11 beds from April 2019.

Aggregate bed occupancy for the RHN in 2019 was 213 (2018: 216) of which Brain Injury Service was 42 (2018: 48) and Continuing Care 171 (2018: 168).

The total number of patients treated in the Brain Injury Service during 2019 was 123 (2018: 120).



Included within Brain Injury Services were Delayed Transfers of Care; aggregate bed capacity in 2019 was 5 (2018: 5) and occupancy was 3 (2018: 4).

Excluding Delayed Transfers of Care, the average length of stay in the Brain Injury Service was 17.4 weeks (2018: 17.1 weeks) and percentage occupancy was 93% (2018: 98%).



Continuing Care had a percentage occupancy rate in 2019 of 91% (2018: 95%).

Continuing Care key performance indicators are described as follows:

- Planned temporary admissions to acute hospital care: 30 (2018: 21)
- Unplanned temporary admissions to acute hospital care: 142 (2018: 158)
- Discharges from Continuing Care: 27 (2018: 15)



The last reconciled annual outcome data for the Brain injury Service falling in 2018/19 is for the period April 2018 to March 2019.



In terms of responsiveness, the time between referral and assessment improved from a mean of 11 days to a mean of 9 days which was in line with other level 1 providers.

However, the mean time between referral and admission was 49 days, which remains high when compared with other level 1 providers who have an average of 31 days. This is reflective of continued high demand versus capacity for beds at the RHN and the average length of stay at the RHN of 122 days compared with the average at other level 1 providers of 95 days.

The data on admission and discharge physical and cognitive ability continues to show that we admit significantly more impaired patients than other providers, but despite this, our patients make proportionately more improvements than other providers with rehabilitation interventions in both physical and cognitive ability.



This is consistent with the previous year.

# Research and innovation

This year the RHN published its 2019–2024 research strategy. The main aim is to raise the quality of research, and enhance the profile of the RHN as a leading centre for the rehabilitation and long-term care of adults with complex brain injury.

The strategy is oriented around five themes as follows:

- assessments and measurements
- disorders of consciousness
- tracheostomy and ventilation
- assistive technology
- people and environment

As part of the strategy, we are supporting two staff members to carry out their PhDs.

Our Clinical Lead Speech and Language Therapist is studying at University College London. Her study is to improve the diagnosis of emergence from a Disorder of Consciousness.

With the University of Glasgow, our Principal Clinical Psychologist is looking at improving assessment and treatment of mood and wellbeing in people with severe brain injuries.

Additionally during the year, our Consultant in Rehabilitation Medicine completed her PhD: 'Optimizing circadian rhythm and characterising brain function in disorders of consciousness'. Another PhD student, one of our Advanced Specialist Speech and Language Therapists, was highly commended for the Student Award at the National Communication Matters AAC (Augmentative and Alternative Communication) award, for her project with Manchester Metropolitan University – looking at developing a training intervention for nurses around the use of communication aids.

**In terms of education and training, as part of our commitment to sharing knowledge with peers and within the neuro-disability field, in 2018/19 we:**



**hosted two  
conferences**



**gave five  
open lectures**



**ran thirteen  
training courses**

Our training and education programme attracted over 700 delegates from across the UK during the year.

The RHN has received funding from The National Heritage Fund to create a sustainable public engagement programme for our new disability history archive. Aimed at the local community and people living with disabilities, the programme is funded for two years and will provide insight into the lives of people with chronic or long-term illnesses over the lifetime of the RHN, the last 165 years.

As part of the launch of the archive service, we hosted the first Disability and Heritage conference at the RHN.

# Leisure and Families Service (LaFS)

With the support of our team of volunteers, Leisure and Families Service (LaFS), continued to provide a range of activities and leisure opportunities for patients and residents across the hospital.

Our Leisure and Families Service continued to provide a range of social, sporting and leisure activities around the RHN for our patients and residents, supported by our team of volunteers.

LAFS facilitate the following:

## Group activities



Making Music, a varied session with social interaction, stimulating entertaining elements and wheelchair dancing



Art sessions that allow patients to express themselves through creative and imaginative projects



Film, comedy and documentary screenings.



Gardening groups that give the patients the opportunity to enjoy fresh air, physical activity and grow their own produce

## Adapted sports sessions



Boccia



Tennis



Curling



Bowling



Each week:

81 patients received massages (general massage, aromatherapy and reflexology)  
 We held two facilitated sports sessions  
 160 long term care patients attended group activities  
 14 patients attended Aquability sessions



In 2018/19:

180 outings took place (2018: 210)  
 93 volunteers worked across the RHN (2018: 120).

Long-term resident Kay recently joined a mixed sports group, and now every Monday she takes part in a range of adapted sports including bowls and tennis.



# Managing our risks

In order to minimise or eliminate risks to the charity during the 2018/2019 financial year, potential risks are and continue to be identified and regularly reviewed by both the Executive team and Trustees.

The RHN identifies its principal risks as quality of care, financial sustainability and data protection matters. One of the top risks in 2017/2018, recruitment and retention of staff, has been considerably mitigated by two successful overseas recruitment campaigns. The Audit and Risk Committee reviews all significant risks quarterly before consideration by the Board.

## COVID-19

The principal uncertainty currently facing the organisation is the impact of the ongoing global COVID-19 outbreak. The trustees and executive team continue to monitor the outbreak, including UK Government advice and acknowledge that the organisation faces a period of uncertainty. While the evolving nature of the situation means it is not possible to accurately quantify the financial impact, the organisation is in a good financial position to help manage this risk. Steps are being taken, on an ongoing basis, to minimise the impact on the charity's activities and the effect this may have on the organisation's commissioners and beneficiaries. Infrastructure is in place to allow staff to work remotely and our key priority is to ensure, as far as possible, that our full range of services are still available.

## Quality of care

The RHN has numerous controls to ensure that it implements appropriate standards of safety and care. These include:

- policies and guidance which are regularly reviewed and updated
- processes for disseminating national alerts and guidance
- weekly ward quality audits
- clinical audits which are reviewed by the Clinical Audit Committee
- reporting of incidents on the Datix recording system
- reviews of trends by the Clinical Risk and Incident Committee
- reviews of all patient deaths by the Mortality Review Committee
- appropriate mandatory learning for all levels of staff (including agency staff)

In addition to the above, 'awareness days', run by staff for staff, are held regularly and well-attended. The RHN encourages feedback from patients, residents and visitors, and conducts and learns from the annual Patient and Relative survey.

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 has introduced a further level of scrutiny with a six monthly presentation to a wider management team on specific areas of risk. 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. The Patient Representative Committee (chaired by a trustee and including representatives from patients and families of all wards) raises concerns which are then acted upon and reported back to the committee.

The RHN as a regulated healthcare provider is required to be subject to periodic inspections by the Care Quality Commission (CQC). A comprehensive inspection conducted in February 2020 has resulted in the RHN being awarded a rating of 'Requires Improvement'.

## Recruitment and retention of staff

During the year, there have been successful overseas nurse recruitment campaigns, resulting in a large number of nurses coming to work at the RHN and an equally successful campaign to recruit healthcare assistants (HCAs). These outcomes will result in the RHN being less dependent on agency nurses with the arrival of significant numbers of permanent nurses early in the forthcoming financial year. To date:

- 22 overseas nurses have joined
- 7 newly-qualified nurses have completed their student placements and are now permanent staff.
- 41 HCAs have been recruited

The Putney Nurse and Healthcare Assistant programmes continue to thrive. To date, 45 nurses have completed the nurse programme and 78 HCAs have completed the Healthcare Assistant programme.

Functional Skills Training in Maths and English has been very successful, with a total of 62 staff registered to participate. During 2018/19, the RHN continued to place great importance on engagement amongst its workforce. In the autumn of 2018, several staff engagement sessions and a senior managers' away day were held with the aim of finding out from staff 'what is it like to work at the RHN?'

In May 2019, several staff engagement sessions took place including two evening sessions for night staff; over 200 staff attended. Following feedback, the new RHN 'Putney Way' culture was launched, with a supporting booklet for all staff.

In December 2019, a series of CQC engagement sessions was held with a reminder of RHN values with further copies of the new condensed strategy document 'Our Plan for the Future'.

In 2018, 99% of staff said they were aware of the RHN's values and 85% of staff said they were aware of the RHN's strategy.

The introduction of interactive staff engagement during the year was well received by 65% of staff who commented, and further work will be done in 2020 to build on this style of communication with staff. The sessions are in World Café style, with staff able to move between different subject-related stands staffed by the Chief Executive, Executive team and senior staff, to have informal discussions and to provide feedback. Again, these sessions were on different days, both in the daytime and in the evening to accommodate staff working different shifts.

In addition to the all staff engagement described above, every year, two senior managers' away days are held as well as bimonthly senior manager and leadership team meetings for a wider group of staff to work through issues together, share feedback and problem solve in teams.

Further to staff engagement sessions, an annual staff survey is also conducted. The fieldwork for the last survey completed was conducted in January 2019. The survey response rate of 42% was an increase of 7% on the previous year. The survey reported that 93% of staff felt proud to work at the RHN (2018: 89%) and 91% (2018: 93) of staff felt they could make a positive difference at the RHN. Good communications between staff and their managers showed a substantial 34% increase to 83% (2018: 49%). 73% of respondents stated that they felt valued at the RHN.

In terms of areas of focus and to ensure the RHN minimises the occurrence of bullying and harassment, the 'It's not OK' campaign was launched in 2019. The feedback from this work was shared at the staff engagement sessions in May 2019. 'You said, we did' feedback posters with key staff survey messages were shared and bespoke videos have been commissioned to be made in 2020 to further share key messages around acceptable behaviours.

The development of RHN culture has been summarised in a staff booklet called "The Putney Way" and the corporate induction process has been refreshed to introduce the culture and values to new staff. It is also a key area of focus on the Putney Nurse and HCA development programmes.

## Financial sustainability

In order to improve and provide the highest quality of care to patients and residents, the RHN recognises it needs to maintain financial stability and continue to attract donations, legacies and other fundraised income in order to invest in its facilities and equipment.

The RHN recorded a financial surplus for the financial year ending 30 September 2019 and year end reserves were satisfactory. Our budget for the financial year ending 30 September 2020 anticipates significant reduction on the reliance of temporary nurses following successful overseas recruitment campaigns, thereby once again delivering a surplus and satisfactory reserve levels. Further to the budget for the forthcoming financial year, the trustees have approved a five-year financial plan to the year ending 30 September 2024, which sees improving surpluses and cash balances while continuing to invest in infrastructure.

The RHN's primary sources of funding are NHS England, NHS Clinical Commissioning Groups and Local Authorities. Since April 2019, the NHS bodies are receiving substantial increases in funds but also have to find efficiencies from these. As a consequence of this, the fees payable to the RHN are not sufficient to meet all the RHN's cost pressures. In order to mitigate such funding shortfalls, the RHN continues to work in partnership with commissioners to negotiate adequate contractual agreements over time spans of greater than a year that help provide financial stability whilst the RHN reduces costs and increases efficiency.

Part of the drive to maintain financial sustainability is investment in technology, equipment and the estate, with which to provide the highest standards of care and generate income. During 2018/19, the RHN introduced the first modules of a hospital-wide electronic patient records system, completed the refurbishments of Drapers ward and the therapy hub, and brought Haberdashers House back into use – thereby also increasing capacity. Additionally, staff accommodation has been upgraded, which will help to attract new permanent nurses – many coming from overseas – and thus reducing reliance on temporary staff and the cost of agency commissions.

The RHN has sufficient reserves for the foreseeable future, and has a five-year financial plan as part of its corporate strategy. Further disclosures are available within the financial review and note 1.2 of our accounting policies.

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

# Financial review

The RHN reported an overall net surplus in funds for the year of £1.14 million (2018 - £4.15 million) comprising the following:

	2019 £m	2018 £m
<b>Hospital</b>		
Patient Income	38.59	37.35
Patient Expenditure	(39.02)	(37.00)
<b>Surplus / (Deficit) from Hospital Activities</b>	<b>(0.42)</b>	<b>0.35</b>
<b>Voluntary and Other Activities</b>		
<b>Income</b>		
Donations and Other Fundraising	2.62	5.58
Other Income	0.47	0.65
<b>Income from Voluntary and Other Activities</b>	<b>3.09</b>	<b>6.23</b>
<b>Expenditure</b>		
Fundraising Expenditure	(0.87)	(0.87)
Voluntary and Other Expenditure	(0.98)	(0.99)
<b>Expenditure of Voluntary and Other Activities</b>	<b>(1.86)</b>	<b>(1.86)</b>
<b>Surplus from Voluntary and Other Activities</b>	<b>1.23</b>	<b>4.37</b>
<b>Hospital and Charitable activities</b>	<b>0.81</b>	<b>4.72</b>
<b>Net Income / (Expenditure) on Pension Scheme</b>	<b>0.00</b>	<b>(1.31)</b>
<b>Net Gains / (Losses) on Investments and Fixed Assets</b>	<b>0.33</b>	<b>0.74</b>
<b>Net Surplus / (Deficit)</b>	<b>1.14</b>	<b>4.15</b>

The RHN receives the majority of its income for patient care from NHS England (for Brain Injury Services) and from Clinical Commissioning Groups and some Local Authorities (for Continuing Care). High occupancy levels and continued contractual income reviews have seen the RHN maintain a steady increase in income for patient care. The Charity has also seen a decrease in donations and legacies of 53%.

Income from donations, legacies and fundraising events is £2.6 million (2018: £5.6 million) analysed as follows.

## Donations, legacies and fundraising received for charitable expenditure during the year ended 30 September 2019

	30 September 2019		30 September 2018	
	£'000	£'000	£'000	£'000
<b>Unrestricted</b>		1,241		3,201
<b>Restricted</b>				
(1) Additional therapies and services	149		259	
(2) Purchase of specialist equipment	168		118	
(3) Research and education	100		132	
(4) Specific redevelopment and refurbishment of hospital buildings	958		1,877	
		1,375		2,386
		<b>2,616</b>		<b>5,587</b>

The RHN's fundraising activities are overseen by the Fundraising Regulator (FR) whose responsibilities include ensuring the charity records all complaints, completes an Annual Complaints Returns Report and displays the FR logo. These convey our commitment to complying with legislation as well as building trust with supporters of the charity.

## Expenditure on charitable activities

The challenge of recruiting permanent nursing staff has continued in 2018/19 with the consequent use and cost of filling vacancies with agency nurses. The RHN has been very successful in recruiting from overseas and a significant number of nurses will commence employment early in 2019/20 to be followed by further appointments in year. These will be burgeoned by newly qualified UK nurses also joining in 2019/20. The RHN continues to demonstrate its commitment to its staff through paying competitively, ensuring nobody is paid below the London Living Wage, and providing staff development opportunities.

Investments	30 September 2019 £ million	30 September 2018 £ million
<b>Net gains/(losses) during the year</b>	<b>0.33</b>	<b>0.74</b>

The RHN invests funds surplus to working capital requirements in a portfolio managed by Cazenove Capital Management, Schroder & Co Ltd's charity division. They place investments based on asset allocation ranges previously agreed by the RHN's Finance Committee, who review the Charity's investments during the course of the financial year. Investment income during the year was £0.47 million (2018: £0.65 million). The overall performance reflects the general economic climate and remains largely outside the control of the RHN. This will be reviewed closely in the light of the fluctuations caused by COVID-19. There has been a fall in investments of around £950K to the end of May 2020.

Staff pension scheme	30 September 2019 £ million	30 September 2018 £ million
<b>Net actuarial gains/(losses) on the defined benefit scheme</b>	<b>0.00</b>	<b>(1.31)</b>

The results above pertain to the RHN's defined benefit pension scheme which was closed to new members in 2001 and existing members in 2006.

As at 30 September 2019, the defined benefit pension scheme was in surplus but as it is not recoverable, was restricted to zero in the disclosures (30 September 2018: zero). The surplus in the scheme is not available as a refund to the RHN and is therefore deemed to be irrecoverable under FRS102.

The RHN continues to run a defined contribution scheme for its employees which was transferred to an Aviva Master Trust in October 2019.

## Reserves

Reserves are held to help the charity operate effectively in accordance with the Charity Commission's guidance. The Board has carried out a detailed review of the charity's activities, identified the major risks the RHN is exposed to and produced a financial risk assessment.

Free reserves are intended to cover the following:

- 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 business interruption

After carrying out a review of the risk areas stated above, the RHN Board of Trustees has determined a range of £12 million to £13 million (2018: range of £12 million to £14 million) as being at an acceptable level.

At 30 September 2019, total reserves stood at £45.6 million (2018: £44.5 million) comprising:

- Free reserves of £12.7 million (2018 - £15.6 million) after accounting for the defined benefit pension scheme as per FRS102.
- Designated funds of £29.6 million (2018: £24.1 million) representing the net book value of the RHN's fixed assets of £17.0 million (2018: £11.5 million) together with £4.0 million (2018: £3.7 million) for planned maintenance and £8.6 million (2018: £8.9 million) for future capital expenditure on the hospital buildings and equipment.
- Combined restricted reserves of £2.46 million (2018: £4.04 million) include £1.85 million (2018: £3.46 million) in cash required to fund specific projects.
- Endowment funds of £0.76 million (2018: £0.75 million).

Further disclosures are available in note 17.

Further details of these reserves are disclosed within the statement of financial activities and balance sheet on pages 28 and 29.

## Going concern

The trustees reviewed the RHN's financial plans in July 2019, as part of their normal annual review, as well as our principal financial risks. At that time, they were satisfied that the RHN had sufficient resources to continue operating for the foreseeable future and accounts have been prepared in the knowledge that the RHN is a financially viable organisation.

Since then, the effect of COVID-19 has also been assessed by the trustees in April 2020, reviewing the organisation's ongoing forecasts and projections to ensure that the organisation remains financially viable. With regard to the next accounting period, the year ending 30 September 2021, the most significant areas that are likely to affect the charity's net assets are the level of income, expenditure on services and investment returns. Since the year end, as a result of the effects of COVID-19, all these areas have deteriorated. Fundraising income is declining, for example, because of fewer fundraising events. The charity's investments did fall significantly in value during the peak of the pandemic but have recovered considerably; the future remains uncertain. On a technical provisions basis, the defined benefit pension fund remains in balance.

As a result, like all other charities, the trustees have made some difficult decisions to reduce costs. As a key service, we will ensure that the Brain Injury and Continuing Care services will continue to operate as normal. Social distancing measures have required non essential staff to work from home, zoning of the building, rigorous hygiene procedures and visitors prevented from entering the premises, but some of these measures are beginning to be eased.

Even with these measures, the most recent forecasts show a potential activity-related cashflow reduction of £830K. We are now carrying out work to see how we can go further than the £400K of cost savings already identified for 2020/21. The trustees will continue to review plans with the RHN executive team to make the necessary changes to remain within free reserves over the life of the five year financial plan. The charity has a strong balance sheet, with unrestricted liquid reserves of around £21M and so the trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

As such, they remain satisfied that the RHN can continue operating for the foreseeable future and accounts have been prepared in the knowledge that the RHN is a financially viable organisation.

In mid-2017, Ruth suffered a brain aneurysm that left her unable to speak and walk, with no memories of her life before. After an incredible twelve operations on her brain, Ruth was eventually transferred to the care of the RHN in January 2018.

Since her arrival, Ruth has received expert care and benefitted from a range of charity-funded therapy treatments.



# 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 that has four meetings each year and sets the strategic direction of the RHN.

The Board aims to follow the Governance Code for Larger Charities recommended by the Charity Commission and carries out an annual review of compliance. Board members and senior executives are required to complete a declaration of interests and review this at least twice a year, and to declare any gifts and hospitality received. All staff, volunteers and Board members are required to have regular DBS checks. Board members, the Chief Executive and the Director of Finance sign annual declarations of fitness to hold office.

## The Board of Trustees

The Board must be made up of twelve 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 are appointed and retire by rotation, usually at the Annual General Meeting. A formal recruitment process has been adopted, which 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 Executive and Committees

The RHN board delegates certain functions to the Executive and Committees. The day-to-day running of the RHN 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

Trustees are not remunerated but may claim reasonable expenses.

The charity operates the 'Putney Scale', a harmonised pay method which helps the RHN remain competitive within the healthcare industry. This is available to all nursing and therapy staff and is in line with the NHS Agenda for Change classifications. The components parts of, basic pay and a market supplement reflecting the higher cost of inner London living.

Appointed by the Board of Management, the Nominations and Remuneration Committee of Board Members is responsible for deciding the remuneration of directors. Chaired by the Chairman of the Board, the committee considers directors' salaries and benefits. The Chief Executive provides advice to the Committee. The remuneration in relation to key management personnel is disclosed in full in notes to the accounts. This group comprises the Executive team.

## Going concern

The RHN is a public benefit entity, and its Board has set out a review of financial performance and the charity's reserves position. At the 30 September 2019, the RHN reported free reserves of £12.7 million (2018: £15.6 million), net current assets of £3.7 million (2018: £8.5 million), and a net cash outflow of £3.1 million (2018: £0.1 million inflow) for the year.

As at 30 September 2019, the defined benefit pension scheme was in surplus but as it is not recoverable, was restricted to zero in the disclosures (30 September 2018: zero). The surplus in the scheme is not available as a refund to RHN and is therefore deemed to be irrecoverable under FRS102. The RHN's strategy of funding any residual obligation in order to eliminate any future deficit remains.

On its operational activities, the trustees believe that the strategy of managed growth implemented and an associated rolling five year financial plan including obtaining higher funding for the provision of services together with controlled spending and cost savings has reasonably secured the future of the RHN to sufficiently meet the requirements of a going concern.

The RHN's planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income (particularly NHS commissioners) and planned expenditure. The departure of the UK from the European Union could result in a significant loss of the hospital's EU labour force, an anticipated fall in the value of Sterling may also cause some providers in the social care market to fail in the south east of England; and pharmaceutical supplies may be compromised.

Hospital representatives attended a briefing by the NHS and formed an EU Exit Working Party in line with NHS and the London Borough of Wandsworth's advice on preparations for a no-deal scenario. The working party has formulated a risk register to ensure appropriate mitigations are in place, the two themes that have emerged are as follows:

- **Workforce:** The hospital has over 100 EU staff, the biggest volumes being in domestic services and in bank nurses and healthcare assistants. All EU staff are being advised and supported to apply for pre-settled or settled status.
- **Business continuity/supplies:** The hospital has reviewed its supply chains and external contracts and been given assurances with regard to supplier contingency plans in so far as is possible. In order to avoid a shortage of enteral feeds, the hospital has expanded its pharmacy and acquired sufficient stock to avoid supplies running low and has a register of alternative suppliers for other high risk items.

The hospital continues to receive regular information from government sources to ensure that it can respond to any changes in the timing of EU exit.

The trustees are of the view that for the financial years 2019/20 and 2020/21, having taken into account its projected income and expenditure, expenditure run rates, the occurrence of exceptional and capital expenditure, movements in debtors and creditors and quantified risks in financial terms, the organisation holds sufficient reserves and cash to meet medium term obligations. As far as is possible, capital and revenue costs incurred in coping with the Coronavirus pandemic in early 2020 have been included in projections.

The current risk around COVID-19 is an example of why we hold such free reserves and these will be used accordingly to ensure the RHN remains a going concern.

Neither the Trustees, nor any key persons within the charity, were aware of any further specific, nor general events which would change the charity's status as a going concern.

# Looking forward

In 2019/20, the RHN looks forward to the completion of the refurbishment of Cathcart and Evitt wards, the complete relocation of the X-ray suite and the Pharmacy, along with bringing the provision of pharmacy services for rehabilitation patients in house. In addition to these will be the installation of a new emergency generator, and the commencement of the next ward refurbishment project.

The RHN, in line with its plans to extend activity, will fill the additional beds in the newly reopened Haberdashers House and expand ventilated bed capacity by converting and repurposing existing bays in Andrew Reed ward.

2018/19 saw the first phase of the new Electronic Patient Record system introduced with electronic prescribing. In the coming year, the use of the system will be expanded to encompass medical notes and observations data currently recorded on paper, such as fluid balance charts and National Early Warning Score (NEWS) data.

In terms of staff accommodation on site, the RHN has recently enhanced its multi storey accommodation, and in 2019/20 will turn its attention to plans for the low rise accommodation alongside the above.

The impact of the coronavirus pandemic on the RHN is difficult to assess. Some staff and patients have been affected, though a number of actions in the hospital have prevented the outbreak becoming widespread. While being encouraged by the NHS to discharge patients so as to be able to relieve NHS trusts of patients they can discharge to us, the RHN believes its patients have unique needs that cannot be satisfied in less high dependency units. The consequence of this is that the RHN believes it will continue to retain its patients and see continued demand for its traditional services.

Non-essential staff have worked from home since March 2020, and strict hygiene enforcement and zoning of staff within the hospital since February 2020 have contributed to controlling the spread of the coronavirus. One impact of the virus is likely to be that staff become ill and therefore have to be replaced temporarily. To fill gaps, the RHN will then rely on its bank of staff, the agency it has good relations with, and on permanent staff working overtime. While always ensuring the care and safety of patients, the hospital also takes the action necessary to monitor and address the wellbeing of staff.

The market reaction to the global coronavirus pandemic has had an adverse impact on the values of investments throughout the world. The RHN's own reserves have been affected, as have the values of our pension fund assets. The hospital will continue to monitor these effects, and assess any necessary actions as and when a degree of stability returns to the markets.

The hospital has and will continue to incur revenue and capital costs combating the virus, and is expecting to recover these from government. Cashflow projections indicate sufficient cash and reserves to meet medium term pressures.

However, the effects of COVID-19 may affect some of this and whilst our intention is to carry on with this work as much as we can, plans are continually reviewed and changed as circumstances dictate.

# 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 of the incoming resources and application of resources of the charity 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 Royal Charter.

They are also responsible for safeguarding the assets of the charity 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 financial information included on the charity’s website.



**Des Benjamin**

**Chairman**

Royal Hospital for Neuro-disability

**30 July 2020**

# Independent Auditor's Report

## to Trustees of the Royal Hospital for Neuro-disability

### Opinion

We have audited the financial statements of Royal Hospital for Neuro-disability ('the Charity') for the year ended 30 September 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 30 September 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements 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 related 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 Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: The Chairman's Welcome, The Chief Executive's Introduction and The Trustees Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 determines 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 Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's (FRC's) website at <https://www.frc.org.uk/auditorsresponsibilities>

This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with 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.

*BDO LLP*

**Heather Wheelhouse (Senior Statutory Auditor)**

**For and on behalf of BDO LLP, statutory auditor**

55 Baker Street

W1U 7EU

**Friday 31 July 2020**

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of financial activities (SOFA)

for the year ended 30 September 2019

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
<b>Income and endowments from:</b>									
Donations and legacies	2.1	1,051	1,359	-	2,410	3,049	2,311	-	5,360
<b>Other trading activities</b>									
- Fundraising events		190	17	-	207	152	75	-	227
<b>Investments</b>									
- Dividends and Interest	2.2	458	12	-	470	639	7	-	646
		<b>1,699</b>	<b>1,388</b>	<b>-</b>	<b>3,087</b>	<b>3,840</b>	<b>2,393</b>	<b>-</b>	<b>6,233</b>
Charitable activities	3	38,590	4	-	38,594	37,301	49	-	37,350
<b>Total Income and endowments</b>		<b>40,289</b>	<b>1,392</b>	<b>-</b>	<b>41,681</b>	<b>41,141</b>	<b>2,442</b>	<b>-</b>	<b>43,583</b>
<b>Expenditure on:</b>									
Raising funds	4.1	1,057	-	-	1,057	1,066	-	-	1,066
Charitable activities	4.2	39,381	432	-	39,813	37,256	539	-	37,795
<b>Total expenditure</b>		<b>40,438</b>	<b>432</b>	<b>-</b>	<b>40,870</b>	<b>38,322</b>	<b>539</b>	<b>-</b>	<b>38,861</b>
<b>Net Income before gains and losses</b>		<b>(149)</b>	<b>960</b>	<b>-</b>	<b>811</b>	<b>2,819</b>	<b>1,903</b>	<b>-</b>	<b>4,722</b>
Net gains on Investments		305	9	12	326	687	22	28	737
<b>Net income</b>		<b>156</b>	<b>969</b>	<b>12</b>	<b>1,137</b>	<b>3,506</b>	<b>1,925</b>	<b>28</b>	<b>5,459</b>
Transfers between funds	17	2,549	(2,549)	-	-	52	(52)	-	-
		<b>2,705</b>	<b>(1,580)</b>	<b>12</b>	<b>1,137</b>	<b>3,558</b>	<b>1,873</b>	<b>28</b>	<b>5,459</b>
<b>Other recognised gains</b>									
Net actuarial gains / (losses) on defined benefit pension scheme	6.5	-	-	-	-	(1,311)	-	-	(1,311)
Net movement in funds for the year		2,705	1,580	12	1,137	2,247	1,873	28	4,148
Reconciliation of funds									
Funds at 1 October		39,681	4,039	747	44,467	37,434	2,166	719	40,319
<b>Total funds at 30 September</b>		<b>42,386</b>	<b>2,459</b>	<b>759</b>	<b>45,604</b>	<b>39,681</b>	<b>4,039</b>	<b>747</b>	<b>44,467</b>

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 32 to 47 form a part of these accounts.

# Balance sheet

as at 30 September 2019

	Notes	Total 2019 £'000	Total 2018 £'000
<b>Fixed assets</b>			
Tangible assets	8	17,091	11,451
Investments	9	24,801	24,555
		<b>41,892</b>	<b>36,006</b>
<b>Current assets</b>			
Stocks	10	87	52
Debtors	11	5,354	6,651
Cash at bank and In hand		2,989	6,087
		<b>8,430</b>	<b>12,790</b>
<b>Creditors – Amounts falling due within one year</b>	12	(4,718)	(4,329)
		<b>3,712</b>	<b>8,461</b>
<b>Net Current assets</b>		<b>3,712</b>	<b>8,461</b>
Net assets – Excluding pension liability		45,604	44,467
Defined benefit pension scheme asset / (liability)	6.5	0	0
<b>Total Net assets</b>	17	<b>45,604</b>	<b>44,467</b>
<b>The funds of the charity</b>			
<b>Capital funds</b>			
Endowment funds	17 & 18	759	747
<b>Restricted funds</b>			
Income funds	17	1,852	3,460
Other Restricted funds	17	607	579
<b>Unrestricted funds</b>			
<b>Designated funds</b>			
Fixed assets	17	17,091	11,451
Planned capital expenditure	17	8,564	8,948
Anticipated maintenance	17	3,984	3,667
<b>Free reserves</b>			
General funds		12,747	15,615
		<b>12,747</b>	<b>15,615</b>
<b>Total charity funds</b>		<b>45,604</b>	<b>44,467</b>

Approved by the Board of Management on 30 July 2020 and signed on its behalf by:



**Des Benjamin**  
Chairman



**Hugh Rees**  
Treasurer

The notes on pages 32 to 47 form a part of these accounts.

# Cash flow statement

for the year ended 30 September 2019

Cash flows from Operating activities	Total 2019 £'000	Total 2018 £'000
<b>Net movement in funds</b>	<b>3,260</b>	<b>1,456</b>
<b>Cash flows from Investing activities</b>		
Dividends, interest and rents from investments	470	646
Purchase of property, plant and equipment	(6,908)	(3,659)
Proceeds from sale of investments	6,413	4,436
Purchase of investments	(6,333)	(2,770)
<b>Net Cash provided by (used in) investing activities</b>	<b>(6,358)</b>	<b>(1,347)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>(3,098)</b>	<b>109</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>6,087</b>	<b>5,978</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>2,989</b>	<b>6,087</b>
<b>Reconciliation of cash flows from operating activities</b>		
	Total 2019 £'000	Total 2018 £'000
<b>Net income / (expenditure) for the reporting period</b> (as per the statement of financial activities)	<b>1,137</b>	<b>5,459</b>
<b>Adjustments for:</b>		
Depreciation charges	1,268	992
Pension fund contributions and finance costs	0	(1,635)
(Gains) / losses on investments	(326)	(737)
Dividends, interest and rents from Investments	(470)	(646)
Decrease / (increase) in stocks	(35)	(8)
Decrease / (increase) in debtors	1,297	(2,288)
Increase / (decrease) in creditors	389	319
<b>Net cash provided by (used in) operating activities</b>	<b>3,260</b>	<b>1,456</b>
<b>Analysis of cash and cash equivalents</b>		
	Total 2019 £'000	Total 2018 £'000
Cash in hand	2,989	6,087
<b>Total cash and cash equivalents</b>	<b>2,989</b>	<b>6,087</b>



In June 2020, Bernadette was one of four patients on Drapers ward who raised money for the RHN by walking the 'Corridor Challenge'. All four patients walked the full length of the hospital's main corridor unaided.

Each patient taking part needed help just to get out of bed when they arrived at the RHN, so this was a huge achievement for them. Together they raised over £8,000 for the RHN.

# Notes to the accounts

## for the year ended 30 September 2019

Royal Hospital for Neuro-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 RHN is a public benefit entity, and its Board has set out a review of financial performance and the charity's reserves position. At the 30 September 2019, the RHN reported free reserves of £12.7 million (2018: £15.6million), net current assets of £3.7 million (2018: £8.5million), and a net cash outflow of £3.1 million (2018: net cash inflow of £0.1million) for the year.

The trustees reviewed the RHN's future scenarios in April 2020 and were content that they were affordable and that the accounts should be prepared on a going concern basis.

However, the impact of the recent COVID-19 outbreak and its financial effect has meant that the executive team and trustees have been reviewing financial plans for the next twelve months to ensure the RHN can continue its business critical activities and remain a going concern.

COVID-19 has had an impact on bed occupancy at the hospital through deaths, discharges and a hiatus in admissions. There has been significant improvement since May 2020 but some impact will remain into 2020/21. Activity related contribution loss is expected to be circa £830K in 2020/21. There was also a significant fall in the value of the RHN's investments during the peak of the pandemic but these had reduced to a circa £950K loss by May 2020.

The Trustees have, decided to carry out a range of cost reductions and project delays to mitigate the above adverse impacts. The revenue budget will contain approximately £400K of cost savings and all non essential capital projects have been put on hold to relieve pressure on cash flow.

The length of the COVID-19 outbreak and the measures taken by the Government to contain this are not known and outside of our control but we have put processes in place to monitor cashflow on a weekly basis and review financial stability as matters progress.

Given the strength of the balance sheet and availability and liquidity of unrestricted investments, totalling around £21M, the trustees believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on the charity's ability to continue as a going concern. The trustees, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

The potential effect on the balance sheet for 2020 is explained further in Note 19.

1.3 The Statement of Financial Activities (SOFA) and Balance Sheet are the financial statements of the charity. The subsidiary has been dormant in the financial year 2018/19.

1.4 Income and expenditure are accounted for on an accruals basis and expenditure includes Value Added Tax where this is not recoverable.

1.5 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.

1.6 Donations of equipment and supplies are included within the appropriate expenditure at cost or estimated value to the donor and within gifts and donations.

- 1.7 Legacy income is recognised at the earlier of the charity being notified of an impending distribution or the legacy being received. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material
- 1.8 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.
- 1.9 Research expenditure comprises staff costs and direct costs of medical research projects instigated by the RHN and their associated support costs.
- 1.10 Grants are charged to the SOFA in the period in which beneficiaries are notified and so a constructive obligation is entered into by the RHN.
- 1.11 Support costs, comprising facility charges, governance, management and administrative costs, are allocated to activities based on employee headcount.
- 1.12 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 6.4 and 6.5.
- 1.13 Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.
- 1.14 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%

The depreciation charge begins from the first day of the month following either; the date of asset acquisition or the date that the asset comes into use.

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.

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.

Assets in the course of construction, reflect fixed asset projects undertaken by the RHN which have not been completed as at the reporting date. Such assets when completed are transferred to the appropriate asset class and depreciated according to existing accounting policy. Any assets under construction which during review are considered to have declined in value are written off; to any extent identified to the Statement of Financial Activities.

- 1.15 Stocks are valued at the lower of cost and net realisable value.
- 1.16 Fees receivable and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid net of any trade discounts due.
- 1.17 Creditors and provisions are recognised where the RHN has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. The RHN recognises Creditors and provisions at their settlement amount after allowing for any trade discounts due.

- 1.18 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 17 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.

- 1.19 Taxation - The charity is exempt from corporation tax on its charitable activities.

- 1.20 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 6.5 of this annual report.

- 1.21 The charity has financial assets and financial liabilities that qualify as basic financial instruments. These are recognised at transaction value and subsequently measured at either their settlement value or market value. The charity 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. Financial assets held at amortised cost comprise cash at bank, trade debtors and other debtors totalling £7.9 million (2018: £10.4 million). Financial liabilities held at amortised cost comprise trade creditors and other creditors totalling £3.9 million (2018: £3.5 million). Investments at £24.8 million (2018: £24.6 million) held as part of an investment portfolio, are held at fair value with gains and losses being recognised within income and expenditure.

## 2 Donations, Legacies and Investment Income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
2.1 Donations and Legacies				
Gifts & donations	410	1,347	1,757	2,650
Legacies	641	12	653	2,710
	<b>1,051</b>	<b>1,359</b>	<b>2,410</b>	<b>5,360</b>

At 30 September 2019, the RHN has no bequeathed legacies in the financial statements (2018: £0).

2.2 Investment Income				
Listed investments	102	3	105	275
Interest on deposits	356	9	365	371
	<b>458</b>	<b>12</b>	<b>470</b>	<b>646</b>

## 3 Income from Charitable Activities

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Patient services	3.1	37,522	2	37,524	36,357
Staff accommodation		327	-	327	241
Wheelchair & technology services		144	-	144	133
Other income from charitable activities		597	-	597	570
Grants receivable	3.2	-	2	2	49
		<b>38,590</b>	<b>4</b>	<b>38,594</b>	<b>37,350</b>

### 3.1 Patient services

National Health Service	35,063	-	35,063	33,920
Local Authority	1,135	-	1,135	1,522
Prescription reimbursement	35	-	35	14
Non-NHS patients	531	-	531	399
Other sources	758	2	760	502
	<b>37,522</b>	<b>2</b>	<b>37,524</b>	<b>36,357</b>

### 3.2 Grants Receivable

Funding research projects	-	2	2	49
	<b>-</b>	<b>2</b>	<b>2</b>	<b>49</b>

#### 4 Total Expenditure

	Direct costs £'000	Support costs £'000	Total 2019 £'000	Total 2018 £'000
4.1 Expenditure on raising funds				
Voluntary expenditure (fundraising staff and administration)	808	81	889	864
Fundraising events	52	5	57	80
Investment management	111	-	111	122
	<b>971</b>	<b>86</b>	<b>1,057</b>	<b>1,066</b>
4.2 Expenditure on charitable activities				
Patient Services	32,000	6,723	38,723	36,569
Staff accommodation	43	9	52	60
Wheelchair & technology services	324	68	392	433
Other charitable activities	376	79	455	535
Research	158	33	191	198
Other Finance Costs (see note 6.5)	-	-	-	-
	<b>32,901</b>	<b>6,912</b>	<b>39,813</b>	<b>37,795</b>
<b>Total expenditure</b>	<b>33,872</b>	<b>6,998</b>	<b>40,870</b>	<b>38,861</b>

Expenditure on raising funds comprises staff and running costs of the fundraising department together with any other costs directly associated with raising funds for the charity, 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.

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 Support costs

	Expenditure on raising funds £'000	Expenditure on charitable activities £'000	Total 2019 £'000	Total 2018 £'000
Administration and management	28	2,255	2,283	2,239
Building expenses	29	2,403	2,432	2,527
Finance	6	486	492	498
Human resources	9	714	723	699
Information technology	11	923	934	740
Governance	1	46	47	120
Statutory audit	1	44	45	43
Non-audit services	-	-	-	-
Internal Audit and Counter Fraud	1	41	42	17
	<b>86</b>	<b>6,912</b>	<b>6,998</b>	<b>6,883</b>

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 allocated directly. Support costs have been allocated to activities consistently based on employee headcount.

## 6 Employee Information

6.1 Staff costs during the year were as follows:

	Total 2019 £'000	Total 2018 £'000
Salaries and wages	26,662	26,013
Social security costs	1,991	1,956
Other pension costs and life assurance premiums	1,503	1,386
	<b>30,156</b>	<b>29,355</b>

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

During the year, a total of £0 (2018: £102,000) has been recognised for termination payments, of which £0 remained payable at the year end (2018: £50,000).

6.2 Employees whose emoluments not including employers NI and pension costs exceeded £60,000 were as follows:

	Total 2019	Total 2018
£60,000 to £69,999	9	4
£70,000 to £79,999	1	4
£80,000 to £89,999	-	1
£90,000 to £99,999	4	4
£100,000 to £109,999	-	1
£110,000 to £119,999	2	2
£120,000 to £129,999	1	4
£130,000 to £139,999	4	-
£150,000 to £159,999	1	-
£180,000 to £189,999	-	1
£200,000 to £209,999	1	-
	<b>23</b>	<b>21</b>

17 employees (2018 - 17) 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 £98,918 (2018 - £102,481).

Remuneration of Key Management Personnel include employers NI and pensions payable during the year amounted to £1,086,367 for 6.6 FTE staff (2018 - £1,038,052 for 6.4 FTE staff). This group comprises the Executive team.

6.3 The average number of staff employed was as follows:

	Total 2019	Total 2018
Patient services	607	581
Research	4	5
Other charitable activities	40	39
Generating funds	8	7
Governance	2	2
	<b>661</b>	<b>634</b>

## 6 Employee Information (continued)

6.4 The charity 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 charity.

The rates of contribution to the defined contribution scheme on the second tier basis are:

	Defined Contribution 2019	Defined Contribution 2018
<b>Employer contributions:</b>		
age 18 to 35	4.0%	4.0%
age 36 to 50	7.0%	7.0%
age 51 to 65	10.0%	10.0%
<b>Employee contributions</b>	<b>3.0%</b>	<b>3.0%</b>

In addition, the charity 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:

	Total 2019 £'000	Total 2018 £'000
<b>Defined Contribution</b>	<b>1,178</b>	<b>1,000</b>

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

	Total 2019 £'000	Total 2018 £'000
<b>Pension contributions outstanding at year end</b>	<b>166</b>	<b>141</b>

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

## 6.5 Financial Reporting Standard 102

The charity has adopted the full requirements of FRS102 Section 28 (Retirement Benefits) from the year ended 30 September 2016.

The assumptions used in calculating the liabilities were as follows:

	Total 2019	Total 2018	Total 2017
Inflation	3.4%	3.5%	3.4%
Salary escalation	n/a	n/a	n/a
Pension increases, subject to LPI	3.3%	3.3%	3.3%
Statutory revaluation in deferment	2.4%	2.5%	2.4%
Discount rate (pre and post retirement)	1.8%	2.9%	2.6%
Life expectancy for 65 year old male	87	87	87
Life expectancy for 65 year old female	89	89	89

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:

	Total 2019 £'000	Total 2018 £'000	Total 2017 £'000
Equities	15,083	1,296	1,246
UK governments bonds	3,080	36,467	15,400
Corporate bonds	6,161	10,737	11,127
Liability matching credit	23,050	-	-
Diversified growth fund	9,453	10,922	10,949
Equity linked bond fund	-	32,025	49,317
Alternatives	13,808	-	-
Liability driven investment	34,628	-	-
Cash	425	463	267
Insured annuities	531	648	713
<b>Total fair value of assets</b>	<b>106,219</b>	<b>92,558</b>	<b>89,019</b>
<b>Present value of scheme liabilities</b>	<b>96,462</b>	<b>85,535</b>	<b>89,343</b>
	<b>9,757</b>	<b>7,023</b>	<b>(324)</b>
<b>Restriction to the amount that can be recognised</b>	<b>(9,757)</b>	<b>(7,023)</b>	<b>-</b>
<b>Net pension asset/(liability)</b>	<b>-</b>	<b>-</b>	<b>(324)</b>

The actual return on Assets is 1.80% per annum which is set to equal the discount rate (2018 - 2.9%)

### Assets in the scheme as a percentage of total scheme assets

	Total 2019	Total 2018
Equities	14.2%	1.4%
UK governments bonds	2.9%	39.4%
Corporate bonds	5.8%	11.6%
Liability matching credit	21.7%	0.0%
Diversified growth fund	8.9%	11.8%
Equity linked bond fund	0.0%	34.6%
Alternatives	13.0%	0.0%
Liability driven investment	32.6%	0.0%
Cash	0.4%	0.5%
Insured annuities	0.5%	0.7%

Amounts included in the statement of financial activities:	Total	Total
	2019	2018
	£'000	£'000
Interest income (excluding interest income on assets that are not recoverable)	2,434	2,283
Interest cost	(2,434)	(2,283)
<b>Interest on the net defined benefit liability</b>	<b>-</b>	<b>-</b>

Assets	Total	Total
	2019	2018
	£'000	£'000
Assets in scheme at beginning of year	92,558	89,019
Movement in year:		
Interest income	2,434	2,283
Employer contributions	-	1,635
Benefits paid	(3,715)	(3,098)
Actuarial (losses) / gains on assets	14,942	2,719
<b>Assets in scheme at end of year</b>	<b>106,219</b>	<b>92,558</b>

Liabilities	Total	Total
	2019	2018
	£'000	£'000
Liabilities in scheme at beginning of year	85,535	89,343
Movement in year:		
Interest cost	2,434	2,283
Benefits paid	(3,715)	(3,098)
Past service costs including curtailments	428	-
Actuarial losses on liabilities	11,780	(2,993)
<b>Liabilities in scheme at end of year</b>	<b>96,462</b>	<b>85,535</b>

History of experience gains and losses	Total	Total	Total	Total	Total
	2019	2018	2017	2016	2015
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(96,462)	(85,535)	(89,343)	(91,453)	(77,231)
Scheme assets	106,219	92,558	89,019	88,820	72,467
<b>Surplus / (Deficits)</b>	<b>9,757</b>	<b>7,023</b>	<b>(324)</b>	<b>(2,633)</b>	<b>(4,764)</b>

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

	Total	Total
	2019	2018
	£'000	£'000
Deficit in the scheme at beginning of year	-	(324)
Movement in year:		
Contributions	-	1,635
Net return on pension scheme	-	-
Actuarial gains/(losses)	-	(1,311)
<b>Deficit in the scheme at end of year</b>	<b>-</b>	<b>-</b>

## 7 Related Party Transactions

### 7.1 Trustees Remuneration and Expenses

Members of the Board of management are not entitled to and did not receive any remuneration during the year. Additionally, two members of the Board of management received £898 (2018 - £1,077) for reimbursement of expenses. These expenses related to travel and accommodation costs for attending Board Meetings. Trustees' Indemnity Insurance of £4,872 was paid for the year 2019 (2018 - £4,872).

### 7.2 Other Related Party Transactions

Other than the expenses listed, there have been no other related party transactions (2018 - £0).

## 8 Tangible Fixed Assets

	Assets in the course of construction	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total 2019
<b>Cost</b>	£'000	£'000	£'000	£'000	£'000
Opening balance	1,122	21,799	1,132	4,701	28,754
Additions	1,883	3,692	536	797	6,908
Transfers	(1,012)	757	-	255	-
Disposals	-	-	(282)	(469)	(751)
	<b>1,993</b>	<b>26,248</b>	<b>1,386</b>	<b>5,284</b>	<b>34,911</b>
<b>Depreciation</b>					
Opening balance	-	12,897	919	3,487	17,303
Transfers	-	-	-	-	-
Disposals	-	-	(282)	(468)	(750)
Charge for the year	-	723	54	490	1,267
Impairment	-	-	-	-	-
	<b>-</b>	<b>13,620</b>	<b>691</b>	<b>3,509</b>	<b>17,820</b>
<b>Net book value 2019</b>	<b>1,993</b>	<b>12,628</b>	<b>695</b>	<b>1,775</b>	<b>17,091</b>
<b>Net book value 2018</b>	<b>1,122</b>	<b>8,902</b>	<b>213</b>	<b>1,214</b>	<b>11,451</b>

All fixed assets are held for charitable use.

	Assets in the course of construction	Land and Buildings	Plant and Machinery	Furniture and Equipment	Total 2018
<b>Cost</b>	£'000	£'000	£'000	£'000	£'000
Opening balance	1,154	18,860	1,149	4,244	25,407
Additions	1,883	905	153	718	3,659
Transfers	(1,012)	757	-	255	-
Disposals	-	-	(176)	(136)	(312)
	<b>2,025</b>	<b>20,522</b>	<b>1,126</b>	<b>5,081</b>	<b>28,754</b>
<b>Depreciation</b>					
Opening balance	-	12,383	1,044	3,196	16,623
Transfers	-	-	-	-	-
Disposals	-	-	(176)	(136)	(312)
Charge for the year	-	-	-	-	-
Impairment	-	-	-	-	-
	<b>-</b>	<b>12,383</b>	<b>868</b>	<b>3,060</b>	<b>16,311</b>
<b>Net book value 2018</b>	<b>2,025</b>	<b>8,139</b>	<b>258</b>	<b>2,021</b>	<b>12,443</b>
<b>Net book value 2017</b>	<b>1,154</b>	<b>6,477</b>	<b>105</b>	<b>1,048</b>	<b>8,784</b>

9 Investments	Total 2019 £'000	Total 2018 £'000
Market value at beginning of year	24,555	25,484
Purchases at cost	3,489	2,567
Proceeds from disposals	(6,413)	(4,436)
Net (losses) / gains on investments	326	736
Increase in short term deposits	2,844	204
<b>Market value at end of year</b>	<b>24,801</b>	<b>24,555</b>
<b>Historical cost at end of year</b>	<b>20,734</b>	<b>19,495</b>

Analysed by type	Total 2019 £'000	Total 2018 £'000
Investments		
- Listed direct	11,453	10,513
- Unlisted direct	95	95
- Listed unit trusts	5,706	9,245
Term Deposits	7,546	4,702
	<b>24,801</b>	<b>24,555</b>

Geographical analysis	Total 2019 £'000	Total 2018 £'000
United Kingdom Investments	18,200	17,915
Overseas Investments	6,601	6,640
	<b>24,801</b>	<b>24,555</b>

Individual investments which have a market value of 5% or greater of the overall portfolio are:

Schroder Charity Equity Fund  
iShares PLC - S&P 500 Index

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 £110,536 (2018 - £121,932).

10 Stocks	Total 2019 £'000	Total 2018 £'000
Dispensing stocks	85	50
Other consumables	2	2
	<b>87</b>	<b>52</b>

11 Debtors	Total 2019 £'000	Total 2018 £'000
Fees receivable	4,313	3,946
Other debtors	45	65
Prepayments	433	300
Amounts due from undertakings	-	-
Accrued income	563	2,340
	<b>5,354</b>	<b>6,651</b>

## 12 Creditors - Amounts falling due within one year

	Total 2019 £'000	Total 2018 £'000
Trade creditors	1,366	956
Other creditors	253	270
Taxation and social security	559	535
Accruals	1,626	1,710
Deferred income (note 12.1)	914	858
	<b>4,718</b>	<b>4,329</b>

### 12.1 Analysis of deferred income

	Total 2019 £'000	Total 2018 £'000
Opening balance	858	780
Changes during the year:		
Amounts released to the statement of financial activities	(858)	(780)
<b>New income deferrals</b>	<b>914</b>	<b>858</b>
Closing balance as at 30 September 2019	<b>914</b>	<b>858</b>

Deferred income largely relates to the provision of patients' services which will be recognised in the forthcoming year.

## 13 Funds held as agent

The charity holds funds as an agent on behalf of its patients. During the year £137,079 (2018: £132,398) was received and £276,512 (2018: £290,760) was paid out of this account. At the year end the balance held in this account was £269,240 (2018: £408,674).

## 14 Operating Leases

	Total 2019 £'000	Total 2018 £'000
Rentals charged in the year:		
Land and Buildings	6	6
Plant and Machinery	26	20
Equipment	141	146
	<b>173</b>	<b>172</b>

	Total 2019 £'000	Total 2019 £'000	Total 2019 £'000	Total 2018 £'000	Total 2018 £'000	Total 2018 £'000
	Land and Buildings	Plant and Machinery	Furniture and Equipment	Land and Buildings	Plant and Machinery	Furniture and Equipment
Payments due on operating lease obligations						
Within one year	6	26	137	6	20	142
Within two and five years	-	96	233	-	76	33
Over five years	-	22	-	-	24	-
	<b>6</b>	<b>144</b>	<b>370</b>	<b>6</b>	<b>120</b>	<b>175</b>

## 15 Capital Commitments

	Total 2019 £'000	Total 2018 £'000
Contracted for but not provided	<b>2,701</b>	<b>2,504</b>

## 16 Subsidiary and Connected Entities

The RHN owns the whole of the issued share capital of Royal Hospital for Neuro-disability Services Limited, a company registered in England with a paid up share capital of £1. The subsidiary has been dormant in the trading year to 30 September 2019 (Year end 2018 balance owed to parent £1,000).

## 17 Statement of funds

As at 30 September 2019	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
<b>Unrestricted funds</b>							
General funds	15,615	40,289	(40,438)	305	-	(3,024)	12,747
Pension reserve	-	-	-	-	-	-	-
Designated funds	24,066	-	-	-	-	5,573	29,639
<b>Total unrestricted funds</b>	<b>39,681</b>	<b>40,289</b>	<b>(40,438)</b>	<b>305</b>	<b>-</b>	<b>2,549</b>	<b>42,386</b>
<b>Restricted funds</b>							
John Howard Convalescent Home	585	13	-	9	-	-	607
BIS Refurbishment	2,163	75	-	-	-	(2,238)	-
Cathcart and Evitt Refurbishment	-	533	-	-	-	-	533
Research Department	265	85	(124)	-	-	10	236
Assembly Room Windows	115	82	-	-	-	(5)	192
Music Therapy Omega	188	-	-	-	-	-	188
Circadian Rhythm	-	83	-	-	-	1	84
Patient Beds	85	-	(7)	-	-	-	78
IT Suite	72	75	(80)	-	-	-	67
Drapers Refurbishment	45	75	-	-	-	(64)	56
Pergola Garden Project	54	-	-	-	-	-	54
Training - HEE Mouthcare	50	-	(5)	-	-	-	45
Other	417	371	(216)	-	-	(253)	319
<b>Total restricted funds</b>	<b>4,039</b>	<b>1,392</b>	<b>(432)</b>	<b>9</b>	<b>-</b>	<b>(2,549)</b>	<b>2,459</b>
<b>Endowment funds</b>							
Lopes Chaplains Stipend fund	8	-	-	-	-	-	8
Other endowments	739	-	-	12	-	-	751
<b>Total endowment funds</b>	<b>747</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>759</b>
<b>Totals</b>	<b>44,467</b>	<b>41,681</b>	<b>(40,870)</b>	<b>326</b>	<b>-</b>	<b>-</b>	<b>45,604</b>

**As at 30 September 2018**

	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
<b>Unrestricted funds</b>							
General funds	16,439	41,141	(38,322)	687	-	(4,330)	15,615
Pension reserve	(324)	-	-	-	(1,311)	1,635	-
Designated funds	21,319	-	-	-	-	2,747	24,066
<b>Total unrestricted funds</b>	<b>37,434</b>	<b>41,141</b>	<b>(38,322)</b>	<b>687</b>	<b>(1,311)</b>	<b>52</b>	<b>39,681</b>
<b>Restricted funds</b>							
John Howard Convalescent Home	556	7	-	22	-	-	585
BIS Refurbishment	475	1,688	-	-	-	-	2,163
Research Department	298	132	(165)	-	-	-	265
Assembly Room Windows	-	105	-	-	-	10	115
Music Therapy Omega	188	-	-	-	-	-	188
Patient Beds	93	-	(8)	-	-	-	85
IT Suite	86	53	(67)	-	-	-	72
Drapers Refurbishment	45	-	-	-	-	-	45
Pergola Garden Project	54	-	-	-	-	-	54
Training - HEE Mouthcare	-	50	-	-	-	-	50
Other	371	407	(299)	-	-	(62)	417
<b>Total restricted funds</b>	<b>2,166</b>	<b>2,442</b>	<b>(539)</b>	<b>22</b>	<b>-</b>	<b>(52)</b>	<b>4,039</b>
<b>Endowment funds</b>							
Lopes Chaplains Stipend fund	8	-	-	-	-	-	8
Other endowments	711	-	-	28	-	-	739
<b>Total endowment funds</b>	<b>719</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>747</b>
<b>Totals</b>	<b>40,319</b>	<b>43,583</b>	<b>(38,861)</b>	<b>737</b>	<b>(1,311)</b>	<b>-</b>	<b>44,467</b>

## A summary of definition and descriptions

### Name of fund      Description, nature and purpose of the fund.

**General**                      These are the 'available' funds of the charity, after transfers to or from any other/designated funds and contributions to the pension reserve.

**Designated**                      Reviewed on a rolling year basis, these are amounts appropriated within the unrestricted category for the continued development and maintenance of the charity's assets for:

Fixed assets funds represent the net book value invested in fixed assets. During the year the RHN transferred £5,640,000 (2018: £2,667,000) from its general fund to these designated funds.

Identified planned capital expenditure is for works to be utilised within the next five years, During the year the RHN transferred £384,000 to its general fund from these designated funds (2018: £2,438,000 from general funds to these designated funds).

During the year the RHN transferred £317,000 from its general fund to designated funds (2018: £2,358,000 from these designated funds back to its general fund) in anticipation of maintenance expenditure in the coming year.

**Restricted**                      These are funds available only for the purpose under which they were received, unless permitted by the donor. Further described below:

<b>Restricted Fund Description</b>	<b>Purpose of the fund</b>
John Howard Convalescent Home	To provide support for necessitous members of the middle class and persons generally who are only able to make a small payment in return for convalescence and care.
BIS Refurbishment	Refurbishment of Brain Injury Service
Cathcart and Evitt Refurbishment	Refurbishment of Evitt and Cathcart wards
Research Department	Running costs of Research department
Assembly Room Windows	Replacement of the Assembly room windows
Music Therapy Omega	Funding of Music Therapy research project
Circadian Rhythm	Funding of research into prolonged disorder of consciousness
Patient Beds	Replacement of hospital beds and parts
IT Suite	Running costs of Compass department
Drapers Refurbishment	Refurbishment of Drapers ward
Pergola Garden Project	Funding for grounds renovation projects
Training – HEE Mouthcare	Training in Dentistry provided by Mouthcare

Other restricted funds is made up of 42 funds (2018 - 44 funds) none of whose balances are over £42,000 and they are for a variety of specific purposes.

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.

**Endowment**                      The income generated from these funds are used specifically to contribute towards the cost of chaplaincy services available at the Royal Hospital for Neuro-disability; and bequests which are required to be held as permanent endowments of the RHN. Income generated on the latter is available for the general purposes of the charity.

## Included under endowment funds are the following:

	Total 2019 £'000	Total 2018 £'000
<b>Permanent endowment:</b>		
Lopes Chaplains Stipend fund	8	8
Other Endowment funds	751	739
	<b>759</b>	<b>747</b>

### 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 charity. The income generated by these funds is available for the general purposes of the charity.

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

## 18 Analysis of fund balances

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2019 £'000
Tangible fixed assets	-	17,091	-	-	17,091
Fixed asset investments	11,175	12,548	319	759	24,801
Net current assets	2,995	-	717	-	3,712
<b>Total funds at 30 September 2019</b>	<b>14,170</b>	<b>29,639</b>	<b>1,036</b>	<b>759</b>	<b>45,604</b>

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2018 £'000
Tangible fixed assets	-	11,451	-	-	11,451
Fixed asset investments	10,607	12,615	586	747	24,555
Net current assets	5,008	-	3,453	-	8,461
<b>Total funds at 30 September 2018</b>	<b>15,615</b>	<b>24,066</b>	<b>4,039</b>	<b>747</b>	<b>44,467</b>

## 19 Events after reporting period

Since 31 December 2019 to the date of signing these financial statements the outbreak of the pandemic COVID-19 has had an economic effect across all sectors and the RHN has considered the effect on the charity as a going concern, its resilience through this period, and the effect on the assets and funds of the charity. The trustees have reviewed financial plans and agreed a series of activities that should ensure financial stability in these difficult times.

The estimated financial effect is mainly seen in an estimated £830K reduction in activity-related contribution, with a planned £400K reduction in expenditure to mitigate the effect and ensure that this does not affect our business critical activities. The investment losses to the end of May 2020 were around £950K and, whilst we have an expectation that this may recover by the end of the year, we are still planning for a variety of situations. The defined benefit pension fund remains in balance but is subject to changes in the market value of assets.

The comprehensive inspection conducted by the Care Quality Commission in 2020 rated us as 'Requires Improvement'. There are no restrictions imposed on any aspects of trading so the rating will not affect the ability of the charity to continue as a going concern.

On review of the financial plans to the end of September 2021, the trustees have concluded that this will not affect the ability of the charity to continue as a going concern. We remain resilient through having a considered investment policy, avoiding undue risk, and sound financial planning and management.

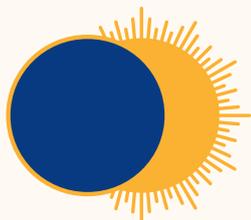
### Registration

Under the registration system of the Care Quality Commission and the regulations laid down by the 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