

Report of the Board of Trustees

Chairman's introduction



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Dear stakeholders

The Trustees of the Charity are also directors of the company and collectively constitute the Board. The Board is responsible for setting strategy, ensuring that there are the necessary financial, human and physical assets to meet strategic aims; monitoring the performance of the Charity; overseeing risk management; and setting the Charity's values.

Thirteen board meetings of the Trustees were held in the year, in addition to the Annual General Meeting. Trustees also visited the Charity's hospitals, fitness and wellbeing gyms and other facilities.

Responsibility for the day-to-day running of the Charity is delegated to the Executive Management team.

The Group Chief Executive, the Chief Financial Officer and other senior executives also attend meetings of the Trustees.

Russell Hardy
Chairman

Governance and remuneration

Nuffield Health is a registered charity incorporated under the Companies Acts 1948-2006, being a company limited by guarantee without share capital. The Charity's governing document is the Memorandum and Articles of Association.

Trustees

The members of the Board of Trustees during the financial year were:

Mr Russell S M Hardy	Chairman; member of the Executive Remuneration and Succession Committee; member of the Governors' Remuneration Committee; member of the Audit Committee; member of the Finance and Investment Committee; chair of the Nominations Committee; chair of the Nuffield Health Pension & Life Assurance Scheme
Mrs Joanne M Shaw	Deputy Chairman; Chair of the Board Quality & Safety Committee; member of the Nominations Committee
Mr Martin W Bryant	Chair of the Finance and Investment Committee; member of the Audit Committee
Ms Fiona E Driscoll	Chair of the Audit Committee; member of the Executive Remuneration and Succession Committee; member of the Finance and Investment Committee
Dame Denise M Holt	Member of the Board Quality & Safety Committee; Executive Remuneration and Succession Committee
Mr David W Lister	Member of the Board Quality & Safety Committee
Mr P Guy McCracken LVO	Chairman of the Executive Remuneration and Succession Committee; member of the Nominations Committee; member of the Finance and Investment Committee

Trustees' appointment and appraisal

New Trustees are appointed in accordance with the Code of Practice of the Office of the Commissioner for Public Appointments. Newly appointed Trustees undertake an induction programme to enable them to understand the workings of the organisation. Each year, the Chairman conducts a review with each Trustee. Additionally, there is a review into the effectiveness of the Board of Trustees.

Trustees' remuneration

The report to the members from the chairman of the Trustees' Remuneration Committee is on page 60. Amounts paid during 2015 are set out in note 10 of the financial statements.

Executive remuneration statement

Nuffield Health is one of the UK's leading not-for-profit healthcare organisations, employing over 12,000 people in a range of roles across our hospitals and fitness and wellbeing gyms. We are committed to being an employer of choice, able to attract and retain talented people who will deliver superior and sustained performance and meet our charitable objectives. We aim to meet the highest standards in everything that we do and our values govern how we reward our employees.

Our pay practices are fair and equitable and are linked to both Group and individual performance. All our employees enjoy the same Group wide

benefits package designed to support and enhance personal wellbeing and to help them to be well, feel well and stay well.

Remuneration for all senior executives, including the Chief Executive Officer, is determined by the Executive Remuneration and Succession Committee, under delegated authority from Nuffield Health's Board of Trustees. It is our policy that total remuneration packages, comprising base salary, pension contributions, performance based annual bonus and Group wide employee benefits, should be competitive whilst also reflecting the organisation's charitable status.

To this end, the Committee conducts an annual independent review of executive remuneration, focusing largely on the general commercial sector from which most executive talent is recruited. In addition to the survey of commercial organisations of a similar scale to Nuffield Health, the Committee also reviews available information from the health and wellbeing and the not-for-profit sectors, and then seeks to set total compensation in line with the market median, discounted to reflect charitable status.

Board committees

Executive Remuneration and Succession Committee

The Executive Remuneration and Succession Committee is responsible for ensuring that the Chief Executive Officer and the senior executives are remunerated appropriately. The Committee periodically considers and makes recommendations to the Board of Trustees on succession planning proposals in respect of the Chief Executive Officer and the senior executives.

Nominations Committee

The names of prospective Trustees are referred to the Nominations Committee. This committee also considers recommendations for appointment for membership of the Charity. No person may be appointed as a Trustee unless he or she is a member.

In 2015 the Nominations Committee did not need to meet.

Audit Committee

The Audit Committee meets at least twice each year. Representatives of the external and internal auditors attend,

as do the Chief Executive Officer and Chief Financial Officer. Its main duties are to assist the Board by providing independent and authoritative advice on the accuracy of financial reporting and the effectiveness of financial controls and systems, as well as the assessment of financial and commercial risk. The Committee oversees the effectiveness of the Group's risk management systems in co-operation with the BQSC. The Audit Committee also recommends the appointment of the external and internal auditors.

Board Quality & Safety Committee

The Board Quality & Safety Committee meets at least four times each year. The committee is responsible for monitoring the effective operation of clinical governance throughout the Group and considers clinical risk and health and safety matters. The General Counsel & Company Secretary, Hospital Medical Director, Chief Nurse, Wellbeing Medical Director, Group Quality Director and Group Health, Safety & Environmental Director attend the Committee's meetings.

Each year, the Committee publishes an annual Quality Report which includes

the outcomes of the various elements of the safety and quality programmes in place across all services provided by Nuffield Health.

Finance and Investment Committee

The Finance and Investment Committee meets at least four times each year. The committee is responsible for reviewing significant financial investments or proposals on behalf of the Board of Governors. The Chief Executive Officer and Chief Financial Officer attend the Committee's meetings.

Meeting/Attendee	Board of Governors	Executive Remuneration and Succession Committee	Board Quality & Safety Committee	Finance & Investment Committee	Audit Committee
Number of meetings in 2015	13	2	4	7	3
Number attended					
<i>Mr Russell S M Hardy Chairman</i>	13	2	–	6	3
<i>Mrs Joanne M Shaw</i>	12	–	4	–	–
<i>Mr Martin W Bryant</i>	13	–	–	7	3
<i>Ms Fiona E Driscoll</i>	12	2	–	6	3
<i>Dame Denise M Holt</i>	12	2	3	–	–
<i>Mr David W Lister</i>	12	–	4	–	–
<i>Mr P Guy McCracken LVO</i>	11	2	–	6	–

Trustees' review of our objectives

Each year, the Trustees review the Charity's objectives, its activities and the degree to which the services it provides are made accessible to the public. This review examines the Charity's achievements and the outcomes of its activities in the previous 12 months, together with the benefits delivered to users of the Charity's services. Crucially, the Trustees' review also ensures that the Charity remains focused on providing public benefit.

The Trustees continue to give careful consideration to the Charity Commission guidance on public benefit and in particular to its guidance for fee-charging charities. The Trustees have also considered the level of access and affordability of all its services to each section of the population, in particular to those on a low income.

Nuffield Health has policies to clarify – both to those inside the organisation and those outside – how it should deliver benefits to the public, fulfilling its charitable objectives.

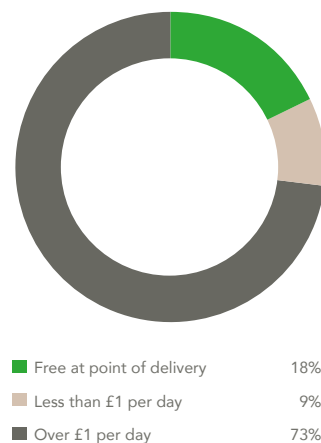
These include:

- A limit of 10 per cent on activities that are ancillary to the objectives of the Charity. This is to ensure nothing excludes or causes detriment to our core purpose
- The establishment of guidelines by which any ancillary or fundraising activities can be judged, ensuring that they are directly related to and necessary for carrying out the Charity's purposes
- A requirement that no activities are detrimental or harmful
- A requirement that at least 5 per cent of the Charity revenue comes from products and services available at a low fee
- The requirement that products worth at least 5 per cent of total revenues – if valued at the market rate – are available free at the point of delivery

The Trustees have concluded that the objectives of the Charity remain entirely for the public benefit. The Trustees are also satisfied that the activities of the Charity are overwhelmingly carried out to fulfil its charitable objectives; that there are no activities that are inconsistent with its objectives; and that the Charity meets the requirements of the policies described above. In addition, the Trustees are confident that plans are in place for 2016 that will further enhance the accessibility of the Charity's activities, particularly in relation to services available for young people at low cost or free at the point of delivery.

In 2015, 27 per cent of our revenues came from low cost or free at the point of delivery products and services. With 9 per cent from products and services costing customers less than £1 per day, 18 per cent of our revenues at market rates were from products and services free at the point of delivery to the patient or customer that were purchased by the NHS.

Share of turnover



The Executive Board

Senior staff manage the activities of the Charity. At the date when the Annual Report and Financial Statements were approved, the following senior staff were in place:

Steve Gray

Chief Executive Officer
from 1 December 2015

Steve has over 25 years' experience within leadership, commercial and operational roles primarily in the healthcare sector. Steve is leading the vision of creating One Nuffield Health placing members, patients and customers at the heart of the organisation and all of the activities that are undertaken.

Dr Andrew Jones

Chief Operating Officer

Andy joined Nuffield Health in 2007, after working as a GP for a number of years. He has previously held the roles of the organisation's first Medical Director and Managing Director of Corporate Wellbeing leading the growth in Nuffield Health clinical services.

Alan Payne

Chief Digital & Information Officer
from 1 December 2015

Alan has a proven record as a successful digital and technology leader, with over 25 years' experience in bringing digital innovation, knowledge and the ability to deliver globally across multiple businesses and support functions.

Greg Hyatt

Chief Financial Officer

Greg is an experienced Chief Financial Officer, with extensive knowledge and understanding of both the leisure and healthcare sectors. He has been a key player in supporting the strategic and operational changes throughout the organisation.

Luke Talbutt

General Counsel & Company Secretary

Since 2010, Luke has held the responsibility of running the Legal, Quality & Safety team and sitting as Secretary to the Board of Governors, Board Quality and Safety committee. Luke has many years' experience within the charitable and pharmaceutical sectors.

Caroline Smith

Business Development Director
from 1 February 2016

Caroline has a wealth of industry experience spanning a wide range of healthcare services. This involves regulated and unregulated outsourced services in the pharmaceutical industry and direct to the NHS.

Chris Blackwell-Frost

Chief Customer Officer
from 4 April 2016

Chris' background spans 25 years across the healthcare and pharmaceutical sectors. He has built an exceptional track record in strategic marketing, acquisitions and brand development.

Dr Davina Deniszczyk

Medical Executive Director

Davina joined Nuffield Health six years ago. She has held roles as London Clinical Lead, Professional Head of Physicians and Medical Director for Wellbeing. She continues to practice as a GP and leads for Nuffield Health on patient care, safety and maintaining the very highest professional standards.

Debbie Mansfield

HR Director

Debbie is vastly experienced within the fields of Human Resources and Leadership Development. She has held a number of managerial roles at Nuffield Health since joining in 2006. Her knowledge and leadership are vital in creating the future working culture of the organisation and ensuring that we continue to attract the best people.

Executive Board departures 2015

David Mobbs

Chief Executive Officer
– Until November 2015

Marcus Powell

Group Organisational Development & HR Director
– Until November 2015

Rebecca McCheyne

Group Digital Services Director
– Until December 2015

KP Doyle

Deputy Chief Executive Officer & Hospital Director
– Until November 2015

Ian Smyth

Group Chief Brand Officer
– Until December 2015

7 out of 9
of our Board come from a
clinical or health background



From left to right: Greg Hyatt, Dr Davina Deniszczyc, Alan Payne, Dr Andrew Jones, Caroline Smith, Steve Gray, Luke Talbutt, Debbie Mansfield and Chris Blackwell-Frost

Mr Douglas Gardner's report of the Trustees' Remuneration Committee to the members

The Trustees' Remuneration Committee was established in August 2000, following the approval of the Charity Commission to permit the remuneration of the Trustees.

During 2015, the members of the Committee were Lady Forester, Mr Michael Smith and myself, as Chairman. The Secretary of the Committee is Mr Luke Talbutt, General Counsel & Company Secretary of Nuffield Health.

The Committee met on 1 December 2015 and also in attendance was Mr Russell Hardy, Chairman of the Board of Governors. Mr Hardy provided the Committee with an update on the key highlights which are set out elsewhere in this report.

Mr Hardy also gave an update on a number of key Executive level changes towards the end of the year, with Steve Gray being appointed to replace David Mobbs as Chief Executive Officer from 1 December 2015. There would also be some restructuring of the Executive Board.

An external organisation, CV4 Consulting, had been appointed at the start of the year to carry out a review of the Charity's corporate governance structures and conduct Governor appraisal. It had been impressed by the organisation's governance arrangements and risk management processes and Mr Hardy had used the external view to provide individual appraisal feedback for each of the Governors who all continue to perform well. Three of the existing Board are due to retire by 2019, the remainder retiring in the period 2020 to 2023. It was therefore anticipated that new Governors would need to be recruited in the next 12-18 months to ensure appropriate numbers are in place prior to the start of 2019.

The Committee was asked to consider the remuneration of the Trustees, to take effect from 1 January 2016. The Committee reviewed the paper, 'Report to the Governors' Remuneration Committee 1 December 2015. The Committee noted there had been no increase in Governor remuneration since 2009 when the remuneration had first been agreed with the Charity Commission. The concerns expressed by Mr Hardy regarding recruitment of new Governors and motivation of the existing Governors in an increasingly difficult regulatory environment was becoming a key issue for the Charity. The Chairman agreed that this was becoming an issue for many organisations and he knew a number of individuals who had left Non-Executive roles due to the increasing regulatory burden and increasing commitment and expectation being placed on Directors and Non Executives. The Committee noted that there was no proposed change to the mechanism agreed with the Charity Commission to assess annual awards but that the baseline remuneration should be increased.

On reviewing the detailed proposal, the Committee agreed that a change was required and therefore requested that the Company Secretary, supported by Bircham Dyson Bell LLP, submit a formal request on behalf of the Committee.

The Committee agreed with this recommendation and the approach and noted that the financial impact on the Charity would be an increased cost of £69,000 per annum with total remuneration moving from £250,000 per annum to £319,000 per annum.

The Committee noted that it had previously agreed to conduct an external appraisal of the Governors every two years. In light of the external report from CV4 Consulting for 2015, the proposal for 2016 was that the Chair of the Board of Governors would conduct an individual appraisal for each Governor and provide an update on their performance at the Committee meeting scheduled for 7 December 2016.

Finally, I would like to thank Lady Forester and Mr Michael Smith for their help and support during the year and I am most grateful to them for devoting the necessary time and effort to the Committee's affairs.

Mr Douglas Gardner

Chairman: Trustees' Remuneration Committee

Trustees' responsibilities for the financial statements

The Trustees, who are also directors of Nuffield Health for the purposes of company law, are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements, in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the Group for that period.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK 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 Group will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the Group enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provision of the trust deed. The Trustees are also responsible for safeguarding the assets of the charitable company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees confirm that:

- so far as each Trustee is aware there is no relevant audit information of which the charitable company's auditors is unaware; and
- the Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Relationship with subsidiaries

All the subsidiaries are wholly owned by the Charity and the directors are members of the executive management.

The subsidiaries' performances and net assets are immaterial in relation to the totals for the Group, with the exception of the impairment of the HealthScore™ developed on behalf of the Charity by Healthscore Limited.

Those activities carried out by subsidiaries are non-charitable activities, activities coming with acquisitions that have not been transferred to the Charity or businesses that are being developed with the aim of selling or entering into a partnership with another organisation.

The aim is for the subsidiaries to make a return to the Charity. Inter-company loans and trading are covered by written agreements.