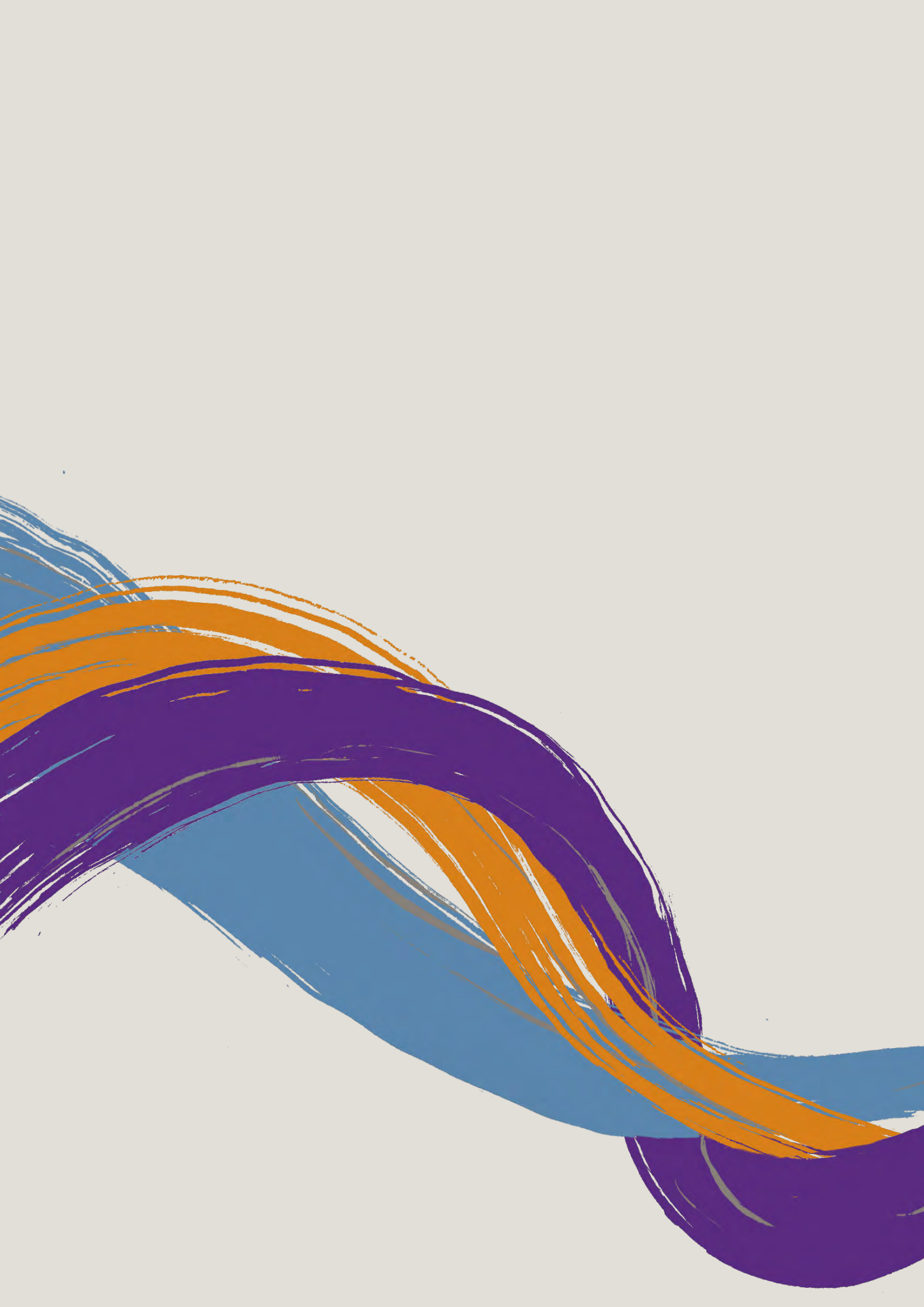
Annual report and financial statements

For the year ended 31 December 2025



The Health Foundation



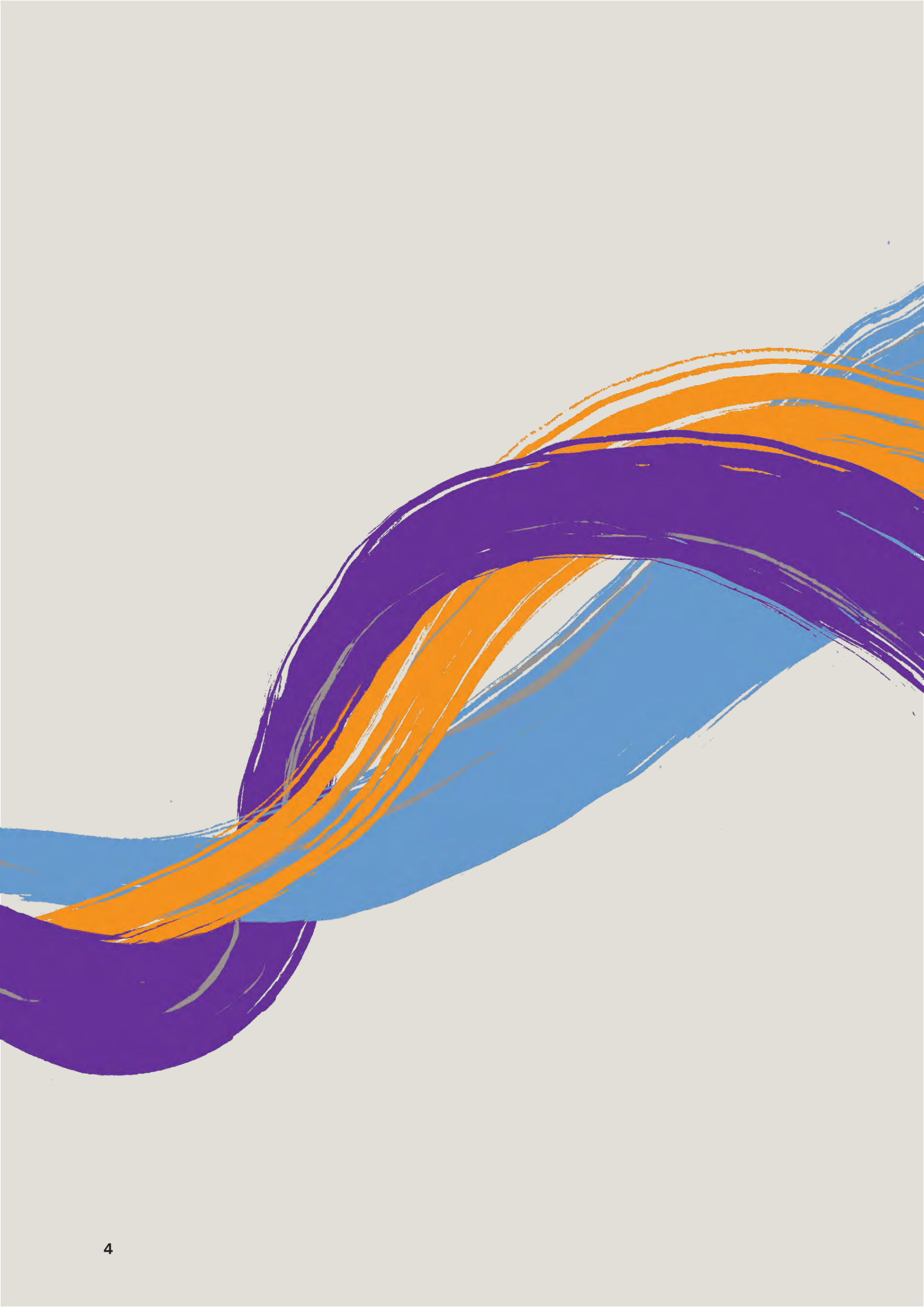
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Winds of change

Introduction from the Chief Executive and Chair

The Health Foundation's mission – to build a healthier UK – remains unchanged. Indeed, progressing our mission has never been more vital.

The health of the UK's population is stalling and inequalities in health are wide and growing. This plus the ageing of the population, and the considerable risk factors injuring health, add up to an avoidable burden of ill health now and into the future.

This situation hobbles human development and flourishing, is a drag on prosperity and creates immense pressure on the NHS due to rising demand. At the same time, because the UK economy is not growing as fast as desired, this creates fiscal challenges that constrain budgets for the public services and infrastructure needed to support good health. The changeable nature of the political environment also makes stable long-term policymaking harder.

In these times, the Foundation – with its independent voice and endowment – is uniquely placed to help understand problems and find solutions, with the stability and freedom to think longer term. But while foundations are a relatively stable feature in the public landscape, we are not immune to change, nor should we be. 2025 saw the Q community move to its new home at the NHS Alliance, where it will build on the past decade's work supporting quality improvement in health across the UK and Ireland. This promising move fulfils our original aim of embedding Q in the NHS.

In 2025 there were other significant changes within the Foundation alongside the development of our new strategy, which launched in April 2026. *Our strategy 2030* reflects our desire to be bolder in setting out solutions to the challenges we face – and to use our independence, resources and partnerships to do it. Throughout this 5-year strategy, we will put health and inequalities at the heart of policy and decision making, and work to shape the future of the health and care system to ensure the best care is available for all. This will include investing in new approaches to testing innovations that could transform health and care for the future. (See *Looking ahead to 2026* for more on what to expect.)

In 2025, however, we continued to be guided by three strategic priorities:

- improving people's health and reducing inequalities
- supporting radical innovation and improvement in health and care services
- providing evidence and analysis to improve health and care policy.

In each area we undertook a range of activities, from grant-making, research and fellowships, to collaborating with stakeholders and working in partnership.

Generating robust evidence and insight through our research and analysis remains central to our work. In 2025 we published several major outputs, allowing us to reach audiences, gain media traction and influence policy and practice. The year saw the launch of our NHS Productivity Commission, in recognition of the vital need to improve productivity in the health service, ensure the NHS is financially sustainable and that it provides taxpayers value for money. The Commission's first major report – *From diagnosis to delivery* – provides a framework for accelerating productivity in the NHS, and followed over 120 submissions from key organisations, NHS staff and service users. The Commission will set out a series of policy options and final recommendations in 2026.

July saw the arrival of government's long-awaited 10-Year Health Plan – a dizzying array of proposals spanning NHS structures, services, staffing and more. The Foundation influenced the plan's content through events, media commentary, blogs and several briefings, alongside extensive engagement with senior stakeholders. Our impact was clear: widespread media coverage on launch day; multiple citations in the plan; demand for our expertise on its commitments after publication, such as a blueprint for tech adoption beyond procurement and advisory roles shaping the legislation underpinning the reforms.

In fact, the transformative potential of tech is where many hopes continue to be pinned. In May, our analysis highlighted the multi-billion pound cost of digitising the NHS and adult social care, helping to inform the thinking behind the £10bn committed for digitisation in the Spending Review, with a senior

official telling us it had ‘helped to shift thinking at the Treasury’. In October, our second AI in the NHS Summit convened NHS and industry leaders to explore and share best practice in testing and spreading impactful AI solutions. Planning for our next summit is already well underway.

In addition, we achieved impact through collaboration with other organisations. For example, Health Equals continued to champion cross-sector action on health inequality, with its cross-sector coalition of member organisations more than doubling to 105. Its bold public campaigns, including the award-winning ‘Hazmat Loungewear’ campaign on the health risks from damp, cold and mould, helped to drive 1.2 million visits to the Health Equals website, and earned over 200 pieces of national and regional media coverage across the year.

Our *Action for healthier working lives* publication was the final report of the Commission of the same name. This set out clear recommendations on how to improve the health of the working-age population in work, which continues to influence national policy.

Our achievements in 2025, which we are immensely proud of, are due to the hard work and commitment of staff, governors and the people we work with across health and care. Together, we look forward to making progress in 2026 as we enter our new strategic period – always for the benefit of the health of the UK population and, in particular, the most vulnerable in society.



Dr Jennifer Dixon
Chief Executive



Sir David Behan*
Chair

*Sir David Behan took over as Chair from Sir Hugh Taylor in August 2025.



2025: Year in review



Improving people's health and reducing inequalities

Health is our most precious asset. It is shaped by the work we do, the income we earn, the education we receive and the places, communities and families we live in.

Improving health and reducing inequalities requires a whole-society approach. We want decision makers across all parts of society to understand and fulfil their potential contribution to building a healthy nation.

Key highlights



Influencing the public health grant through our long-term work: In 2025/26, the grant was increased in real terms for the first time in over a decade. The Foundation's analysis on historical cuts became the 'go to', following its 2018 publication and subsequent updates. This supported several high-profile media moments, funding options presented to the Department of Health and Social Care (DHSC) and sector advocacy.



Putting health at the heart of local growth: Our £2.1m Economies for Healthier Lives programme and the growth and reform network research have increased our profile among practitioners and supported policy engagement. Local government webinars showcasing these learnings reached well over 1,000 people.



Measuring prevention spend: Our funding of the Chartered Institute of Public Finance and Accountancy (CIPFA) to develop a framework to classify, account and track local government prevention spend has had high engagement from local authorities. It was adopted and used by the Scottish government and the Future Generations Commissioner for Wales.

Advocating to #MakeHealthEqual: Health Equals – the campaigning coalition to reduce health inequalities founded and supported by the Foundation – more than doubled its membership from 47 to 105 organisations and its parliamentary champions network grew to 112 MPs and peers. Bold public campaigns included the 'Hazmat Loungewear' campaign on health risks from damp, cold and mould, which won best PR campaign at the Roxhill 2026 Media Awards.

Case study

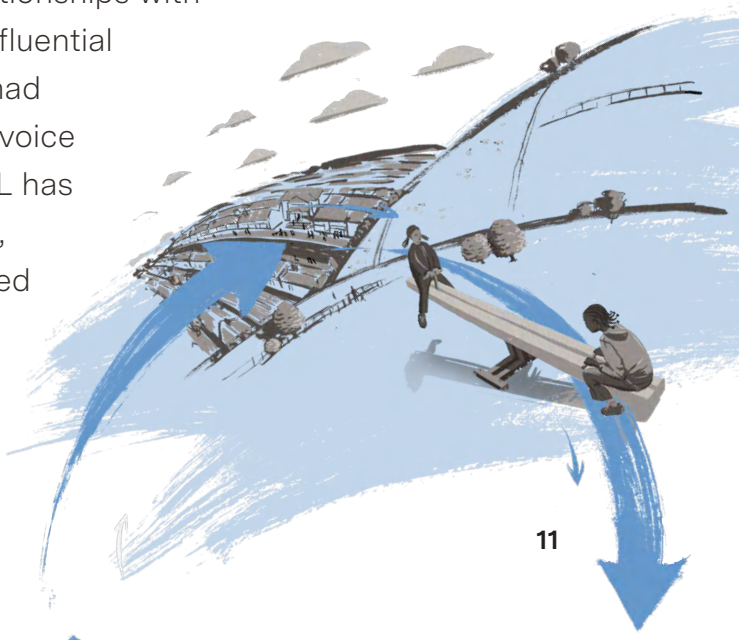
Embedding recommendations from the Commission for Healthier Working Lives

The independent Commission for Healthier Working Lives (CHWL) was established by the Health Foundation to build consensus on the action needed by government and employers to meet the UK's working-age health challenge.

The commission has shaped government thinking on work, health and welfare, influencing the national debate and policy towards preventing health-related exits from the labour market.

Our analysis was quoted in the media and in parliament by the secretary of state, including two direct recommendations made by CHWL: a new unemployment insurance benefit and a 'right to try' work for benefit claimants. Meanwhile, the commission's focus on the role of employers heavily influenced the recommendations of the Keep Britain Working review.

Impact has been enabled by strong relationships with senior officials, expert convening and influential analysis, building on past analysis that had established the Health Foundation as a voice on health and employment policy. CHWL has elevated the Health Foundation's profile, shaped external research and contributed to widespread uptake of its framing across think tanks, local authorities, sector bodies and the media.



Supporting radical innovation and improvement in health and care services

Innovation and improvement are more important than ever to ensure that health and care services meet people's needs now and in the future.

We want to give policymakers, system leaders, service providers, health care staff, service users and the public the insights, practical resources and opportunities needed to support the far-reaching shifts needed in health and care over the coming decade.

Key highlights



Revealing the multi-billion pound cost of digitising the NHS and adult social care: Our major analysis was the first publicly available evidence-based estimate of its kind. It directly informed thinking behind the £10bn committed for NHS digitisation in the 2025 Spending Review. One senior official told us it had 'helped to shift thinking at the Treasury'.



Building our reputation on AI: Our second annual AI in the NHS Summit had over 1,500 attendees and viewers, and brought together speakers including the then Minister for Health Innovation, Zubir Ahmed MP. Feedback was highly positive, including that the event had helped to catalyse much-needed conversations across government.



Influencing progress on new care models: Our Adopting Innovation programme funded an early adopter of the 'Brazilian' Community Health and Wellbeing Worker model – a community-led approach designed to bridge the gap between clinical health care and local neighbourhoods – helping to build up the evidence base for its effectiveness. This was instrumental in the government's commitment to the model in the 10-Year Health Plan: the programme in Cornwall and academic evaluation of our funded project was cited by Wes Streeting to justify the focus on this approach.

Growing Q's impact: The network has now exceeded 6,000 members, delivered its first paid-for board development offer and secured funding to support the NHS in Wales to implement quality management systems. This bodes well for Q in its new home at NHS Alliance, which it transferred to in November 2025.

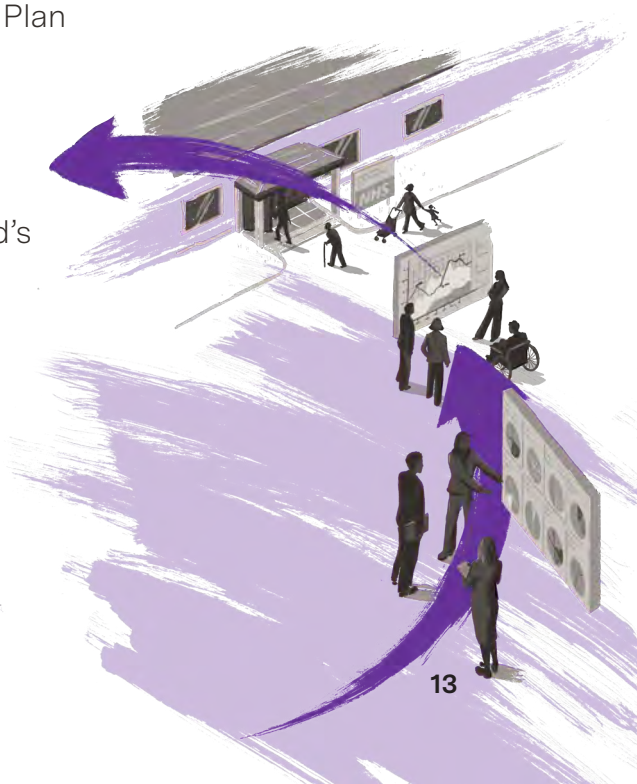
Case study

Convening NHS leaders to catalyse action

The Foundation's expertise has been in demand, with multiple requests from senior policy and NHS stakeholders for input to help develop their thinking. This has provided excellent opportunities for influencing and generated positive feedback.

Activities included:

- A session requested by Number 10 health advisors on technology adoption and productivity.
- A workshop requested by the National Chief Clinical Information Officer with 30 senior officials – including the Chief Medical Information Officer, the National Chief Nursing Information Officer and regional directors leading on tech implementation – to help formulate a blueprint for national tech programmes.
- A private roundtable requested by NHS England's Chief Data Officer, with the 10-Year Health Plan digital working group, on implementation issues with the single patient record and NHS App.
- A workshop requested by the NHS England's transformation team to help think through outstanding service design questions around the 10-Year Health Plan's tech ambitions.



Providing evidence and analysis to improve health and care policy

We want to see policy decisions on health and social care informed by the best available evidence and analysis, to improve the health system now and for the future.

Key highlights



Launching the NHS Productivity Commission: The commission's first report, *From diagnosis to delivery*, included expert elicitation findings on the annual NHS productivity target that sparked conversation, media pick up and resulted in the report being shared widely. This approach meant that our public-facing call for evidence received over 120 submissions from key organisations, NHS staff and service users. Having established a credible foundation for the commission's work, its final report and recommendations are due in 2026.



Shaping social care reform: We influenced Fair Pay Agreement (FPA) policy through working group involvement, engagement with sector stakeholders and our consultation response. The government's policy impact assessment cited our work. We also informed Spending Review discussions regarding FPA funding by presenting our analyses to the Treasury and DHSC.



Assessing the government's first year: We independently assessed government progress on its agenda with our flagship report *Labour's first year*, using our analytical capability to hold government to account. As part of this suite of work, our briefing exploring what the 10-Year Health Plan should look like ahead of its publication, was our most popular of the year.

Growing international collaborations and networks: We welcomed the seventh cohort of Sciana fellows to our European leadership programme focused on cross-cutting challenges facing health and care in Europe. We also published a mix of work comparing international health systems to identify lessons for policy in the UK – including a major new report with OECD.

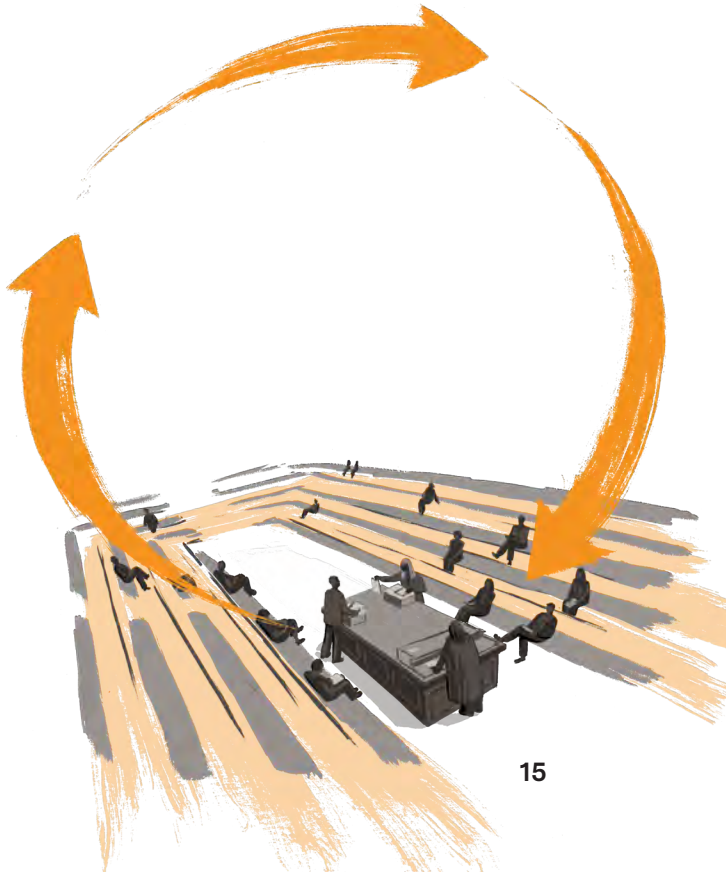
Case study

Influencing policy through public perceptions research

Our ongoing partnership with Ipsos provided timely insight into public attitudes towards the NHS and social care, shaping the debate.

Our polling was widely picked up by media and stakeholders, shared directly with the 10-Year Health Plan team, quoted by government in relation to the GP contract and prompted discussion on the public's priorities, including on access to GPs.

We amplified this work through high profile events at party conferences. We held panel events with Ipsos and the Resolution Foundation and participated in nine further fringe events. We also secured panel participation from key political commentators, ministers and party spokespeople.



Work to improve the Foundation

In 2025, we undertook our Future Foundation programme to ensure the organisation's operating model, people, culture, systems and processes will enable us to deliver the requirements of our new 5-year strategy.



Key developments

We continue to work to make the Foundation an inclusive and diverse organisation where employees are valued – in July 2025, this meant we formally recognised UNISON as our trade union.

2025 was challenging as to improve our internal ways of working, we embarked on a restructure to align future work around our two new strategic pillars of health care and health and inequalities. This meant that we started collective consultation on the proposals in November 2025, with individual consultation starting in 2026. While we worked to minimise compulsory redundancies by offering attractive voluntary redundancy levels, such a process is never easy for the individuals and the organisation.

We also continued to progress with our EDI strategy, though some elements of delivery were inevitably disrupted by the consultation and change process.

We also continued to focus on improvements to our systems and processes – with a focus on the approach to managing our governance and decision making, people and funding and procurement.

Alongside the development of the new strategy we refreshed our values: **Impact, Evidence, Integrity** and **Collaboration** – helping us to stay aligned with our mission, reflect who we are and what we believe, and they will guide all that we do.



Looking ahead to 2026



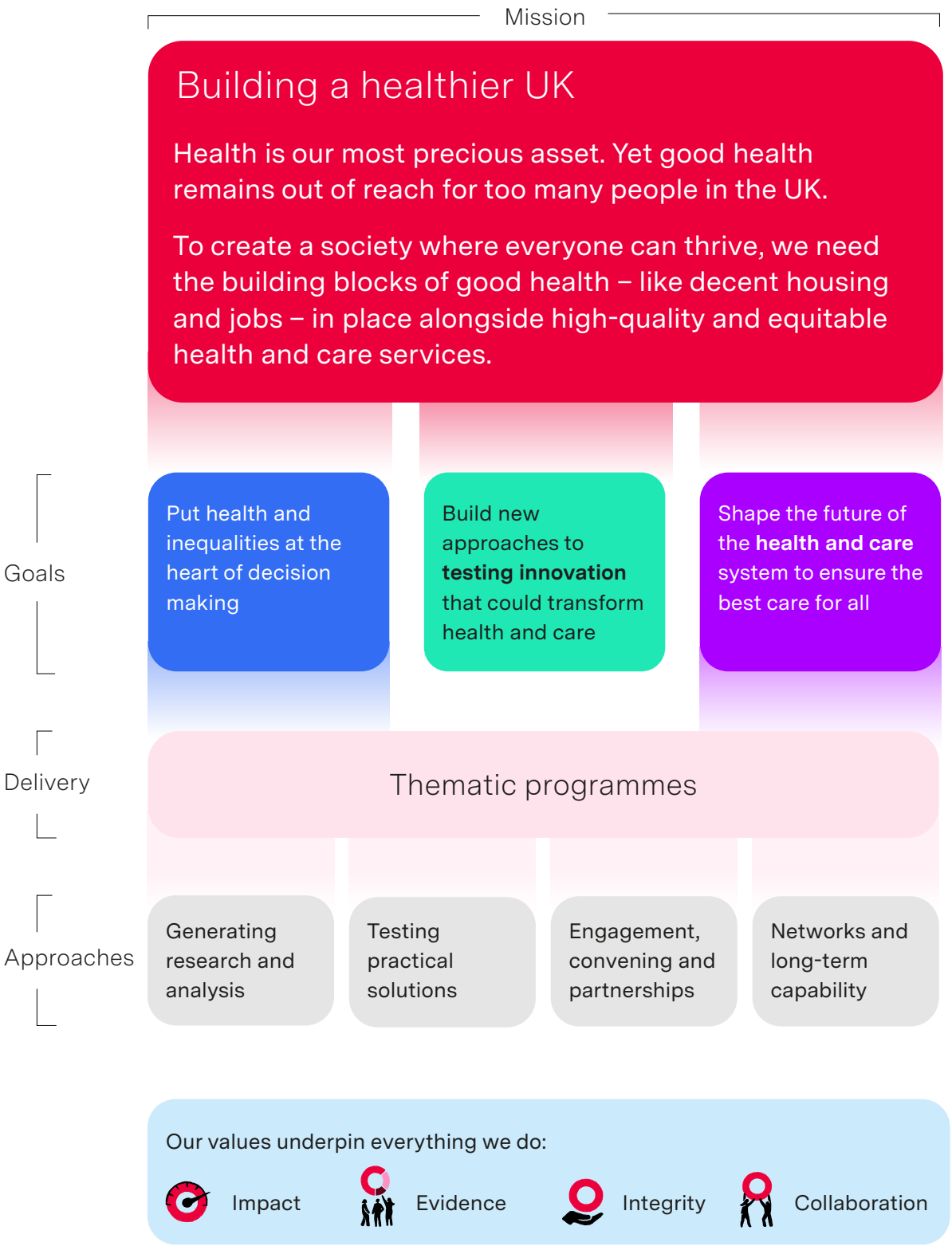
The nation's health is increasingly frayed and unequal – and health and care services are under pressure, with too many people going without the care and support they need.

Launched in April 2026, *Our strategy 2030* reflects our desire to be bolder in setting out solutions to the challenges we face – and to use our independence, resources and partnerships to do it.

2026 will mark a transitional year for the Foundation, following a period of change within the organisation and as we embark on our new 5-year strategy.



Our strategy 2030: an overview



Our goals

Our work to 2030 will focus on responding to the major challenges facing health and care in the UK: stalling health and widening health inequalities, widespread pressures in the health and social care system, and the need to harness innovation and new technology to maximise public benefit.

By 2030, we want to:

1. put **health and inequalities** at the heart of decision making
2. shape the future of the **health and care system** to ensure the best care for all
3. build new approaches to **testing innovation** that could transform health and care.

Achieving the first two goals will be the core of the Health Foundation's work. Our third goal, on testing innovation, is newer for the Health Foundation, more uncertain, and comes with challenge and complexity. These are risks that we are uniquely positioned to take.

Across all three goals, we will explore new partnerships that could help us have a stronger impact.

Cross-cutting issues

We will also consider broader, cross-cutting issues for health systems and society across our work.

1. **Health inequalities** in the UK are deep and persistent. As well as promoting cross-sector action on health inequalities, our equity, diversity and inclusion strategy strengthens our commitment to understanding and reducing inequalities across all our work and becoming a more diverse and inclusive organisation.
2. **Environmental sustainability** will also cut across our work. The World Health Organization (WHO) has defined climate change as the greatest health threat of the 21st century. The NHS is responsible for around 40% of public sector carbon emissions and has legally binding targets to achieve net zero. Meeting these targets will depend on changes to how resources are allocated, targets are set, local providers are regulated, services are delivered and more.

Thematic programmes

We will organise the delivery of our work through six thematic programmes: reform and neighbourhood health; health and the economy; public health led prevention; performance and resources; cross sector action; and technology and AI.

Goal 1: Put health and inequalities at the heart of decision making

The biggest factors that shape health and inequalities lie outside health care. Yet governments repeatedly prioritise the NHS over broader investments and policies to help people live healthier lives.

We have established ourselves as an authoritative voice on the society-wide action needed to improve health and reduce health inequalities. We will continue to provide evidence and analysis on the factors that shape these and on the need for coordinated action across government.

- Our ambitious new programme focused on a whole-government strategy for health will independently assess and challenge government's approach to improving health and reducing health inequalities. It will analyse policies, assess priorities and gaps and set up an independent advisory committee for improving the nation's health.

- We will continue to produce insights on health trends and how to make progress on key risk factors, such as air pollution and obesity. We will support regional and local leaders to apply insights, directing our support where it will make most difference.

- Our research and analysis will help policymakers understand the importance of health to the strength of the economy and support a shift towards more preventative public spending. We will help put the recommendations from our Commission for Healthier Working Lives into practice, which explored action to address the decline in working-age health. Our analytical work will include a report aimed at economists, modelling the economic potential of better health.

- We will build support for cross-sector action on health inequalities and undertake new work on developing a whole-government strategy for health. We will also continue to support Health Equals, the campaigning coalition to reduce health inequalities.

Relevant thematic programmes:
Health and the economy; Reform and neighbourhood health; Public health-led prevention; Cross-sector action on health inequalities; Technology and AI

Goal 2: Shape the future of the health and care system to ensure the best care for all

Equitable access to high-quality health services is essential to protect and improve the nation's health. Yet the NHS and social care are under major strain, and many people go without care they need.

The Foundation has built a strong reputation for analysing and informing NHS and social care policy. We will continue to use evidence and analysis to shape the future direction of the health and care system – doing more to identify promising solutions to the challenges it faces. We will also analyse overall policy and performance of the health and care system in England, highlighting key areas in need of improvement and reform.

- We will analyse the performance of the NHS and social care and identify priorities for improvement. This includes what the public thinks about the state of these services – through our polling work with Ipsos – how the NHS compares internationally and the long-term resources needed to sustain and improve these services.
- We will independently assess and inform the overall direction of health and social care policy in England. We will learn from countries facing similar challenges and bring policymakers and others together to discuss the biggest questions for the future. We will also look squarely at the politics of the NHS and its future – with a focus on the policy changes needed to boost productivity. This includes the launch of the final report of the NHS Productivity Commission in 2026.
- We will better understand and shape how technological innovations can improve health and care. This includes tracking how AI is used in the health system, understanding evidence on impact and influencing national policy on its development, oversight and regulation, implementation and spread.

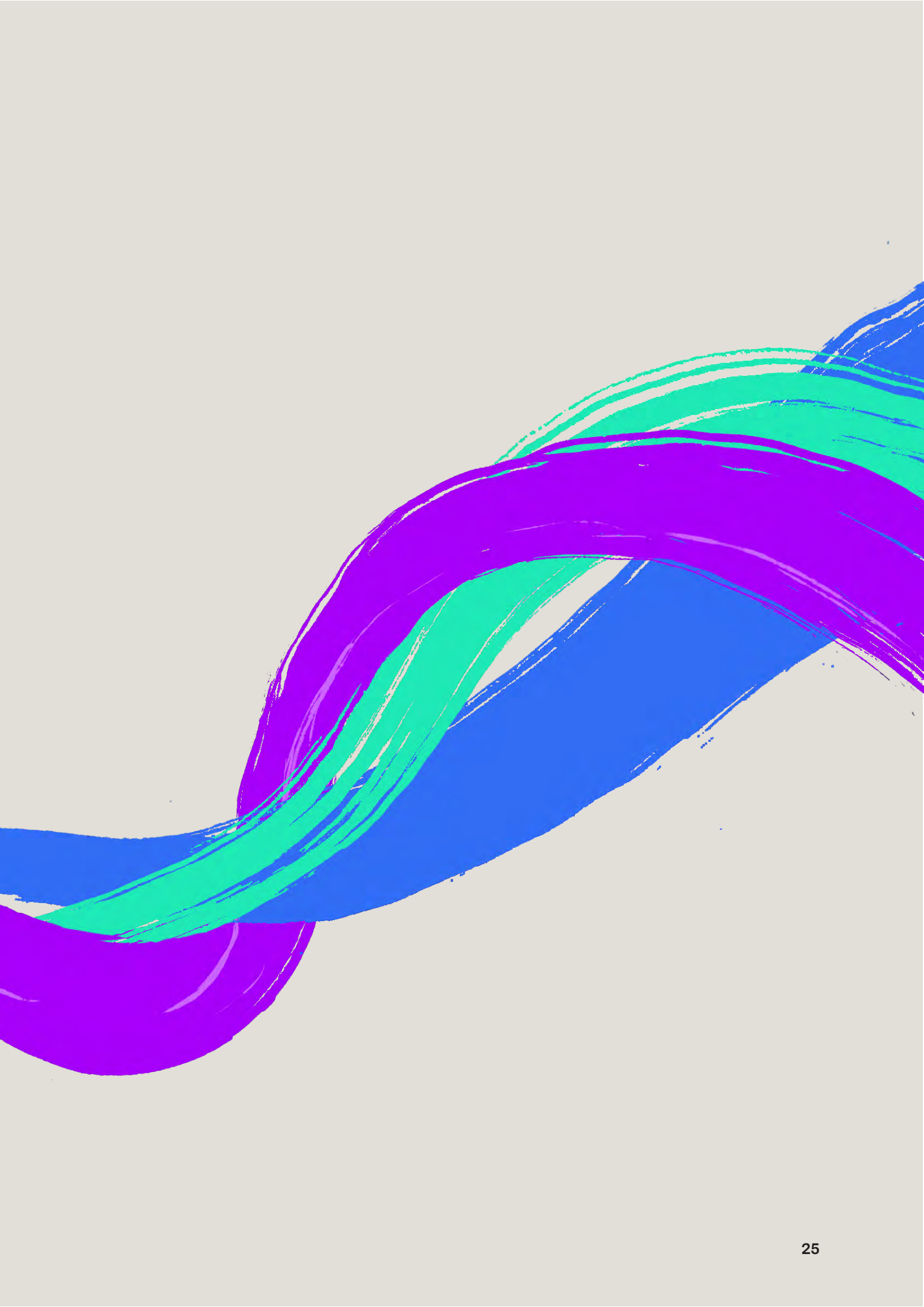
Relevant thematic programmes:
Reform and neighbourhood health; Public health-led prevention; Performance and resources; Technology and AI

Goal 3: Build new approaches to testing and innovation that could transform health and care

Innovation in health care delivery, often using AI and other adaptive technologies, is spreading rapidly across the NHS. But these innovations are too often adopted without good evidence on impact. And existing evaluation methods can be slow, expensive and lack quality. This poses major challenges for the NHS and policy.

Our third goal, on testing innovation, is newer for the Health Foundation, more uncertain and comes with challenge and complexity. These are risks that we are uniquely positioned to take.

- We want to demonstrate new methods and infrastructure needed to fill this gap: targeting rapid evaluation of innovation in the health system at a mass scale and linking robust data on impact with learning and feedback to support better take up and adaptation.
- We have already started to test and develop these approaches. For instance, we are evaluating the use of ambient voice technology (AVT) in the NHS with The Healthcare Improvement Studies (THIS) Institute, a Foundation-backed initiative based at the University of Cambridge working to strengthen the evidence base for improvement and innovation in health care. The focus of this goal is likely to expand over the course of the strategy – for instance, by exploring wider health interventions.



Financial review and statements

Legal and administrative information

Governors

Sir Hugh Taylor (Chair) (to 31 July 2025)
Sir David Behan (from 9 July 2025 and Chair from 1 August 2025)
Katie Blacklock
Dawn Edge
Kim Graham (from 16 August 2025)
Eric Gregory (to 30 June 2025)
Ravi Gurumurthy (to 31 August 2025)
Loraine Hawkins
Ruth Hussey
Paul Najsarek
Karen Reid (from 12 August 2025)
Roland Sinker
David Smart
Rosalind Smyth (to 17 July 2025)
Rachel Sylvester
Stian Westlake (from 12 August 2025)

Charity number
286967

Company number
01714937

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External auditor
UHY Hacker Young
Quadrant House
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London E1W 1YW

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Bates Wells
10 Queen Street Place
London EC4R 1BE

Investment fund managers
See Appendix

Custodian and performance measurement
Northern Trust
50 Bank Street
Canary Wharf
London E14 5NT

Investment advisers
Cambridge Associates Limited
62 Buckingham Gate
London SW1E 6AJ

Gallagher (Administration & Investment) Limited
The Walbrook Building
25 Walbrook
London EC4N 8AW

Charitable activities in 2025

Our charitable expenditure

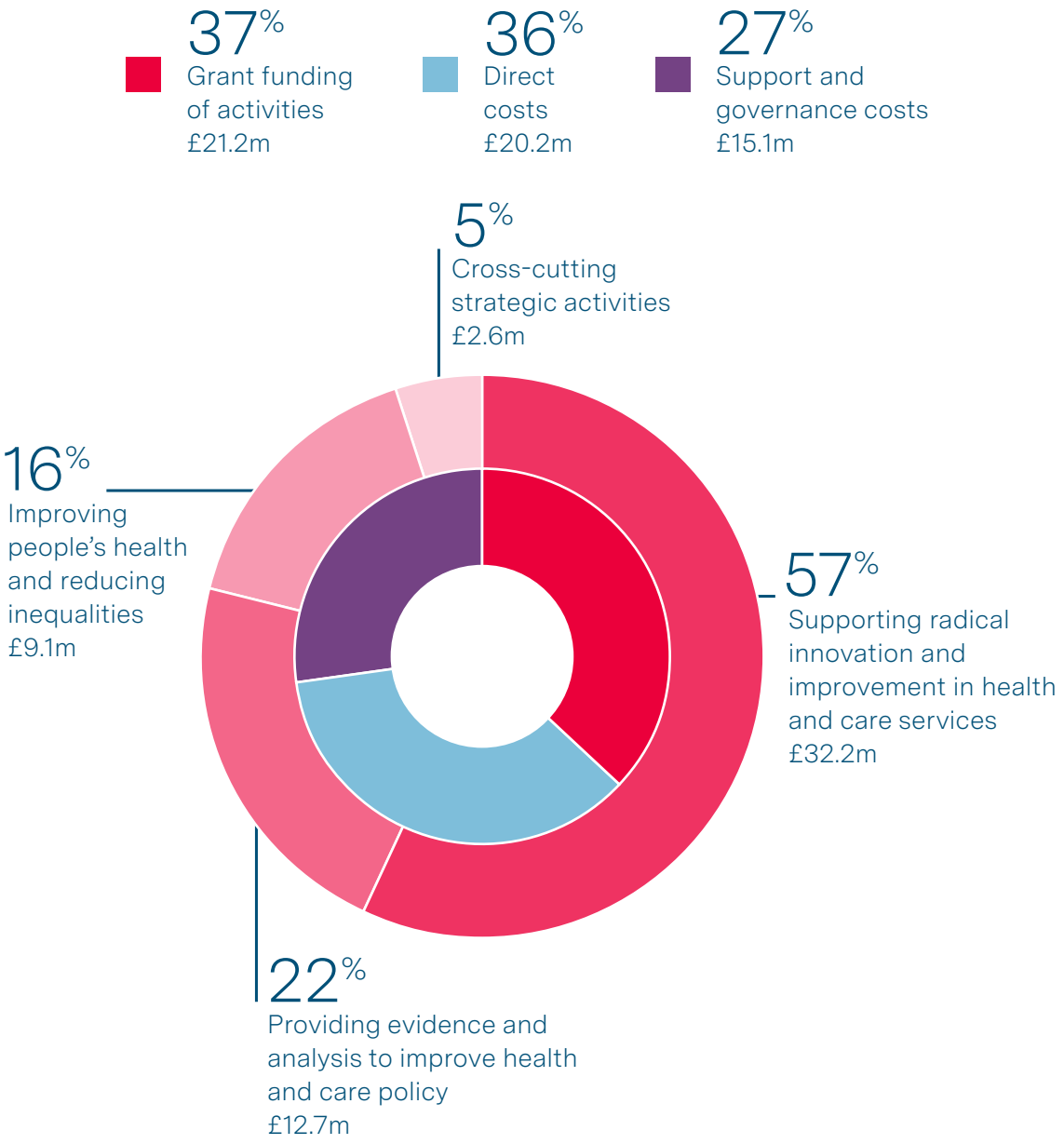
As well as adapting and improving what we do, we're also concentrating on how we do it. We take our role as an independent charitable organisation seriously, and we continue to do lots to improve our day-to-day activities. During 2025, we reviewed our cost base and target operating mode to make sure we are financially sustainable and our work is aligned to the new 2026-30 strategy, this culminated in an organisational restructure which started collective consultation in November 2025 and the full effects of which will be seen in 2026.

In 2025 our charitable expenditure is made up of:

- Grants and donations of £21.2m, an increase of £4.7m from 2025 driven by the net £5.6m increase in Q grants as £7.3m was granted to NHS Alliance (renamed NHS Confederation) to support the transfer of Q to their new home, offset by the decrease in grants made in the year by Q, the other major grant movements are described below.
- Direct costs of £20.2m, a decrease of £1.0m includes our work with partners, and our internal staff who manage our awards and influence change directly through our strategic priorities, see Figure 1.
- Support and governance costs of £15.1m, providing the infrastructure to deliver our charitable activities, including our secure data networks. Costs increased by £2.2m driven by the £2.4m redundancy provision.

Our charitable expenditure of £56.6m is illustrated in the chart below; the outer circle shows the split by strategic priority, with the inner circle split as described above.

Figure 1: Charitable expenditure in 2025



2025 was the third and final year delivering our 3-year strategy, therefore this is the last year charitable spend will be allocated to our three 2023-5 strategic priorities. Our charitable expenditure of £56.5m compares to £50.4m in 2024, the key movements were:

- In our work on **supporting radical innovation and improvement in health and care services** spending was £5.7m more than prior year, driven by the cost allocation as the £5.6m increased commitment to Q relating to the transfer as described above. This was offset by large commitments in 2025 including £1.6m in the Tech for Better Care programme, £1.3m IMPACT centre, £1.2m intermediate care grant. Despite these changes this remained the largest area of spend and therefore cost allocation increased overall costs.
- In our work on **improving people's health and reducing inequalities** spending was £5.0m less than in 2024. In 2024 we awarded £1.8m to support the Health Equals campaign and the £0.7m contribution to the UK Prevention Research Partnership, with nothing equivalent in 2025 there were associated reductions in cost allocation reducing costs further.
- In our work on **providing evidence and analysis to improve health and care policy** spending was £7.5m higher driven by the 2025 recommitment of £3.2m to the University of York supply economics research unit increasing the cost allocation.

Further information can be found in note 7 to the accounts.

Our income used for charitable activities

Our charitable activities are mainly funded by our endowment. In 2025, we received £21.0m investment income and transferred £33.8m of capital from the endowment, in line with our expenditure policy.

We received restricted income of £0.4m (2024: £1.7m) primarily for Q, an initiative joint-funded with NHS Improvement. The Q initiative started in April 2015 and is part of our substantial long-term investments to develop and support initiatives designed to build improvement and innovation capability, which moved to its new home in NHS Alliance (formerly NHS Confederation) in November 2025 to support Q's ongoing journey to sustainable and further strengthen the links to the NHS.

Our policies

Expenditure policy

In our investment section we set out the spending formula for the Foundation's drawdowns from the endowment. This was revised in 2025 to a formula based on the Yale model combining inflation adjusted current spending and investment performance to provide a more robust framework, greater certainty for the Foundation and a longer-term planning horizon. The Foundation also introduced financial constraints for non-charitable spend to ensure they remain reasonable and proportionate.

Grant-making policy

The Foundation sets out specific entitlement criteria for each programme at its launch. These criteria vary from programme to programme and are made available on our website. Applications are assessed against these criteria and grants made considering funds available and the quality of applications.

The period for which grants are awarded depends on the programme, but typically last between 1 and 4 years, with the exception of THIS Institute. Grants are monitored regularly and appropriate progress reports are required from recipients.

Reserves policy

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

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

Our investments

Investment policy and strategy

The board of governors have committed to run the Foundation as a permanent institution so the endowment, while technically expendable, is treated as if in perpetuity to support the operations of the Foundation over the very long term. Therefore, apart for the need to retain a degree of near-term liquidity in order to fund the nearer term operations, the emphasis is on achieving a substantial long-term real rate of return of 4% over inflation, measured by the Consumer Price Index. The aim is for the real value of the endowment to be preserved over the long term allowing for 4% per annum distributions to fund operations.

At the beginning of 2025, a revised methodology used to calculate annual expenditure was approved by the governors on the recommendation of the Investment Committee. The existing method of calculating distributions did not allow for any inflationary increase in the operational expenditure of the Foundation and did not allow for sufficient long-term smoothing of the value of the endowment. The formula used by Yale University and adopted by many endowments over many decades was considered most appropriate to accommodate for these factors. Specifically, the Yale endowment spending policy as we are applying it in the Foundation is a weighted calculation of 30% of the endowment value 2 years prior and 70% of prior year spending, adjusted by prior year inflation. The methodology uses an agreed spending rate of 4% to provide the right balance between long-term sustainability and short-term needs of the Foundation.

The endowment has a structured investment process consisting of two primary features:

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

Nine investment beliefs developed by the governors were updated in March 2025. These provide a framework for accountability across all investment-related activities and decision making.

1. **Governance** We maintain a high level of governance to manage a large endowment, investing across a set of globally diversified assets.
2. **Investment objective** Our long-term return objective is set at CPI+4%, supporting the long-term sustainability of the endowment.
3. **Achieving risk-adjusted returns** Alongside monetary assets, we invest in liquid growth assets in the belief that over the long-term they will produce sufficient returns above inflation to meet our target return. Over the long-term an allocation to illiquid growth assets will be additive to those returns.
4. **Inflation dynamics** We recognise that inflation poses a significant risk to the endowment achieving the real return target over the long-term.
5. **Managing capital loss: risk tolerance and diversification** By embedding a risk tolerance of 20% 1-year 95 Value at Risk, we aim to manage short-term drawdown risk while pursuing long-term growth objectives.
6. **Liquidity requirements** We ensure that at least 2 years of operating budget is maintained in cash and high-quality short-dated bonds.
7. **Active management** Financial markets are not always efficient, presenting opportunities for skilled active investment managers to achieve returns that exceed those of the broader market.
8. **Responsible investment** Operating through a dual lens allows us to jointly consider financial return and responsible ownership.
9. **Investing for net positive outcomes** Long-term investments in strategies that demonstrate measurable and net positive outcomes across nature-based and health systems can generate risk-adjusted market returns and help us deliver impact against our sustainability goals.

The Investment Committee reviews performance and the investment risk management framework, in addition to reviewing the long-term investment strategy and monitoring progress on its implementation. We are long term investors and, as such, while we monitor the strategic asset allocation quarterly, we do not carry out short-term tactical readjustments to asset class weightings.

The in-house investment team manage the endowment on a day-to-day basis, implementing strategic asset allocation and monitoring all performance, risk metrics and portfolio holdings. Gallagher is the investment advisor for the endowment and provide advice on strategic asset allocation, investments, and responsible investment practices. Cambridge Associates provides investment management services for the Victoria Fund and investment advice on alternative asset classes.

Our approach to responsible investment

The governors recognise that business activities that cannot be sustained environmentally or socially will naturally give rise to risks, and these may be financially material. However, companies that operate responsibly across environmental, social and governance factors produce superior long-term returns, benefiting both investors and society through sustainable practices. To ensure the long-term sustainability of the endowment's investments, and consistent with the duty to act in the best financial interests of the Foundation, the governors seek to avoid those risks and capitalise on long-term opportunities through a good understanding of how material sustainability issues impact the endowment.

Responsible investment approaches are integrated across all investment-related activities guided by two sustainability ambitions:

- To reach carbon net zero by 2035.
- Demonstrate improving real-world outcomes aligned with people's health.

Four responsible investment guiding principles have been developed, and updated in 2025, to provide the endowment's investment strategy with an overarching framework to strengthen responsible investing and stewardship credentials and seek to ensure the right balance between delivering the financial return target required to fund the Foundation, alignment with the Foundation's mission and values, and an understanding of the reputational risk associated with both actions and inactions.

- **Provide constructive challenge with an open mind** To work closely with those responsible for investing the endowment assets to ensure their ESG integration and stewardship practices align with the Foundation's expectations.

- **Independent** To maintain discretion over investment decisions and provide measured and relevant challenge where necessary to advisers and managers to maintain independence and act as a responsible asset owner.
- **Informed by evidence and experience** To operate under the Know What You Own principle by monitoring and evaluating investments on a regular basis, ensuring investment decisions are informed to deliver against long-term sustainable objectives.
- **Collaborate for impact** To influence through ownership and engagement rather than through exclusion (not owning specific sectors or companies). This means, where possible, investing and working alongside organisations to bring about positive change, as long as there is no conflict of interest within the field of public health and health care.

In practice, our approach to responsible investment involves the effective integration of environmental, social, governance (ESG) factors into decision-making, and stewardship activities, such as engagement, collaboration and voting practices. The objective is to promote long-term sustainable value creation through the oversight of managers and companies owned to guide better real-world sustainable business outcomes. We require all our investment managers to demonstrate leadership in ESG integration and reporting and recommend they adopt at least one of the following guidelines; the UK Stewardship Code or the UN Principles of Responsible Investment.

We do not invest directly in tobacco stocks. We also closely monitor our investment in funds and should a stock appear that could be seen as a conflict of interest for the mission of the Foundation, we would negatively screen these stocks from the endowment. However, where possible, we adopt a formal approach to positive engagement where conflict of interest might arise. Where there are issues related to reputational risk, these reside with the governors.

The Health Foundation is a member of the Charities Responsible Investment Network and maintains a dialogue with a number of investor coalitions to promote best practice.

Investment returns

Our long-term goal for our endowment investments are set out in the Investment policy and strategy earlier in this report.

In 2025 the endowment returned 7.1%, underperforming the target performance of 7.4% (CPI+4%). During the year, public equity markets performed strongly, with gains being led by countries outside of the US, in a reversal of the prior trend of US out-performance that has been experienced for a number of years. Private equity and venture capital lagged public equity markets. representing an ongoing moderation in performance from private equity since the exceptional gains that were made in the period up until the end of 2021.

Global markets have continued to experience volatility in 2026, driven by ongoing geopolitical tension and conflict in the Middle East. However, equity markets have continued to make gains despite elevated uncertainty, with US equity markets being supported by significant levels of capital expenditure and investor enthusiasm regarding AI, which is expected to support growth in the months ahead. However, consensus expectations for inflation are rising across much of the global economy and the prospect of tighter monetary policy may act as an increasing constraint on this positive sentiment in the future.

Figure 2 shows the change in the value of the investments. In 2025, the value of the investments increased by £38m, from £1,242m to £1,280m.

Strategic Asset Allocation

The last review of the strategic asset allocation was undertaken in 2024, in accordance with the scheduled 3-year review cycle. Following this review, the decision was taken to withdraw from hedge fund assets and increase allocations to 'near cash' assets (high quality UK gilts) and initiate an allocation to investing in alternative impact investment funds which clearly demonstrate net positive outcomes across society and nature-based systems. Implementation of these changes began towards the end of 2024 and continued in 2025, hence the updated targets. See Figure 3.

The flexibility exists to increase the liquidity (cash) buffer within the endowment to ensure that the spending needs of the Foundation can be

met. We are holding cash and fixed incomes assets to cover at least 2 years of expenditure.

Early in 2025 global financial markets experienced volatility following the announcement of US trade tariffs. Endowment public equity valuations were impacted during this period, however in line with expectations due to the diversified nature of the investments. By the end of April 2025 asset valuations had somewhat recovered. The Investment Committee held an extraordinary meeting in April to review the endowment valuation and strategic asset allocation. The Investment Committee agreed to increase cash and high-quality short-dated bonds to 3 years of expenditure to ensure the endowment maintains enough liquidity to fund the Foundation's plans for the foreseeable future, which was maintained throughout 2025 and is subject to ongoing review. It remains appropriate for the endowment to tolerate periods of market volatility and maintain an allocation to growth assets, such as public equity and private equity strategies, to provide the required level of sustainable returns, CPI+4%.

As at the end of 2025, the portfolio was underweight compared to its current target allocation to equities and impact investments. This was offset by an overweight position in fixed income and alternative assets. However, the current target allocations represent an interim target, with the current equity and alternatives allocations already aligned with their future final target allocations The remaining cash & fixed income overweight positions and Impact under-allocation are expected to move closer to their targets through gradual readjustments over time.

Figure 2: Investment values as at 31 December 2025

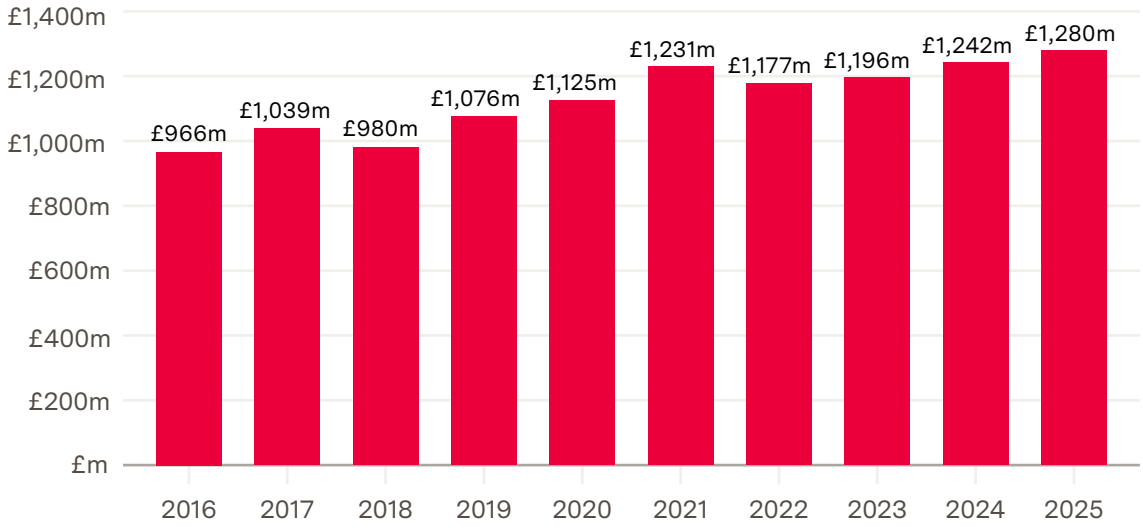
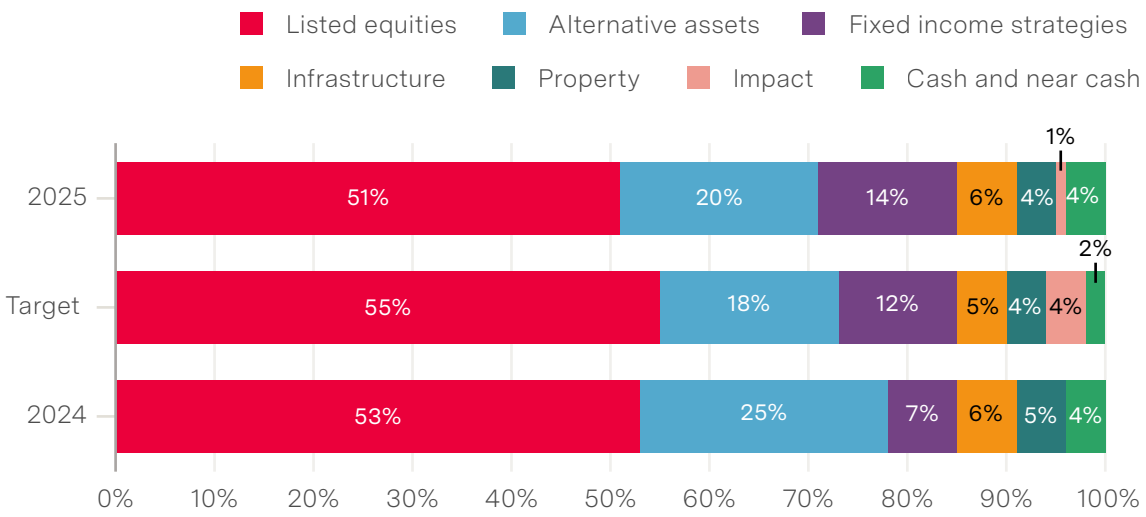


Figure 3: Comparison of the asset allocation 31 December 2025 to 2024 and target asset allocation*



*The full Target Strategic Asset Allocation (SAA) was agreed end-2024 for implementation in 2026. The Interim Target SAA per the graph acts as a guide to inform future investment allocations, where deviations from this target can occur due to adjustments in market valuations and revised allocations due to the market environment. The difference in the Alternative assets' allocation is due to a change in the future allocation, notably the removal of Hedge Funds.

The total cost of managing our investments was £13.2m (2024: £16.9m). The decrease was driven by our decisions to move away from hedge funds and increase our passive allocations, and further details can be found in note 6.

Subsidiary companies

At the end of 2025, the Foundation had three subsidiary undertakings Medtrust Innovations Limited (Medtrust), the Victoria Fund LP Incorporated (Victoria Fund) and THIS Labs Ltd (THIS Labs).

Medtrust is wholly owned by the Foundation as a mission-related investment engaged in the exploitation of intellectual property rights. In March 2011, Medtrust acquired 50% of the intellectual property rights of BMJ Quality & Safety, a journal published by the BMJ Publishing Group Limited. At 31 December 2025, Medtrust had fixed assets of £0.5m (2024: £0.5m). In the year, Medtrust generated an operating profit of £0.2m (2024: £0.2m).

The Victoria Fund was formed in February 2010 as a vehicle to invest in a combination of hedge funds and private equity. The Health Foundation, as the limited partner, is entitled to all investment returns less a priority share by the

general partner. As at 31 December 2025, the Victoria Fund had investment assets of £357m (2024: £392m) and the value of its net assets was £356m (2024: £395m). The net decrease in value for 2025 was £39m (2024: £41m) was mainly due to the sale of hedge funds and transfers of cash to the charity totalling £53m (2024: £63m), adjusting for this Victoria Fund made a £15m gain in 2025 (2024: £22m).

The Health Foundation's third subsidiary, THIS Labs, was set up to enable improvement and innovation in the health and care sector through online collaboration with an initial investment of £4m to achieve these goals made in 2023 and a further £1.5m Credit Loan Note was paid in 2025. As at the end of the year the value of the net assets of THIS Labs was £1.4m (2023: £3.3m). The future plans for the company continued to be discussed by both the THIS Labs Board and the Foundation Board in early 2026, which resulted in revisions to the strategy and structure of the business and have significantly reduced the cost base. Please note that THIS labs was renamed in January 2026 to Thiscovery Ltd.

Streamlined energy and carbon reporting

The Health Foundation is reporting energy and carbon emissions in compliance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The conversion factors used in the report are taken from 2025 Government guidance on the Streamlined Energy and Carbon Reporting (SECR) regime. We have restated 2024 information due our landlord's revision of how they provide our gas consumption information; we rely on our suppliers to supply accurate and timely information in order to complete this report.

The energy the Foundation consumed reduced slightly to 649,124 Kwh in 2025 (2024 restated: 673,368 Kwh) and CO_2 emissions decreased to an estimated 128.91 tonnes (2024 restated: 148.11 tonnes). Our intensity ratio is 0.053 tonne per square metre of our office space (2024 restated: 0.061 tonne per square metre).

Electricity and gas – office

During 2025, our office electric energy consumption equated to 70.71 tCO_2e (2024: 91.56 tCO_2e). This has been impacted by a 15% decrease on prior year in the conversion rate from kWh to tCO_2e as our electricity consumption has decreased from 446,772 kWh to 404,325 kWh (10%). Our office gas energy consumption increased from 226,596 kWh to 244,799 KWh which is 44.70 tCO_2e (2024 restated: 41.36 tCO_2e). Electricity costs are partly metered and partly apportioned while gas costs form part of the service charge, apportioned by the landlord on the floor space occupied by the Foundation, which equates to 2,415 square metres.

Travel

During 2025 we travelled across the UK and in Europe to deliver and support our activities. Travel journeys paid for directly by the Foundation equated to 144,344 miles (2024: 143,970 miles) or 13.50 tCO_2e (2024: 15.19 tCO_2e). Our CO_2 emissions were directly impacted by fewer long haul flights in 2025. Travel to and from Foundation events by external participants and attendees are not included in these calculations for both years.

Commitments and reporting

Sustainability is an important part of the Foundation's 2030 strategy and of how we think about our long-term impact. We have committed to making our endowment net zero by 2035 and, during 2025, continued to build the foundations for a broader sustainability strategy and action plan across our wider operations.

We welcome the stronger emphasis that Charity SORP 2026 places on Environmental, Social and Governance (ESG) reporting. This provides a valuable framework for showing not only how we are working to reduce our environmental impact, but also how we are contributing socially and promoting strong, responsible governance across the Foundation.

In the years ahead, we look forward to sharing more about our progress and the steps we are taking across all three areas of ESG.

2025 carbon reporting figures	Mileage	Consumption kwh	Carbon emission tCO_2e
Scope 2			
Health Foundation office – gas		244,799	44.70
Health Foundation office – electricity		404,325	70.71
Scope 3			
Employee mileage personal cars	–		–
Travel – taxis	1,121		0.31
Travel – public transport	91,267		4.95
Travel – air	51,956		8.24
Total gross emissions in tonnes CO_2e	**144,344**	**649,124**	**128.91**
Intensity ratio: tonnes CO_2e per sqm			0.053

2024 restated carbon reporting figures	Mileage	Consumption kwh	Carbon emission tCO_2e
Scope 2			
Health Foundation office – gas		226,596	41.36
Health Foundation office – electricity		446,772	91.56
Scope 3			
Employee mileage personal cars	300		0.05
Travel – taxis	1,530		0.23
Travel – public transport	87,540		4.57
Travel – air	54,600		10.34
Total gross emissions in tonnes CO_2e	**143,970**	**673,368**	**148.11**
Intensity ratio: tonnes CO_2e per sqm			0.061

Stakeholder engagement – s.172 statement

The Health Foundation's board recognises the critical importance of its relationships with our key stakeholders to achieve its mission of building a healthier UK. To achieve our mission we need build and maintain collaborative relationships with a wide range of stakeholders.

National government, policymakers

We build evidence by conducting, commissioning and mobilising the highest quality research and analysis. We use this evidence – and our independence – to shape policy and practice by influencing and working with people working within national, regional and local government.

Examples from 2025: The year saw the launch of our NHS Productivity Commission, in recognition of the vital need to improve productivity in the health service. The commission's first major report drew on over 100 important submissions from key organisations, NHS staff and service users. In May, our analysis on the cost of digitising the NHS and adult social care helped to inform the thinking behind the £10bn committed for digitisation in the Spending Review, with a senior official telling us it had 'helped to shift thinking at the Treasury'.

People working across the health, care and wider system

We encourage long-term thinking and work with stakeholders including health and care organisations, other public services, investors, businesses and communities. We use our evidence, insights to promote improvements to health and other public services. We encourage and spread innovation and support new initiatives where a large-scale, long-term focus is needed to make a difference and lead networks for service improvement and learning.

Examples from 2025: The Q Community exceeded 6,000 members, delivered its first paid-for board development offer and secured funding to support the NHS in Wales to implement quality management systems. Our Adopting Innovation programme funded an early adopter of the 'Brazilian' Community Health and Wellbeing Worker model – a community-led approach designed to bridge the gap between clinical health care and local neighbourhoods. This was instrumental in the government's commitment to the model in the 10-Year Health Plan: the programme in Cornwall and academic evaluation of our funded project was cited by Wes Streeting to justify the focus on this approach.

Our beneficiaries

The Foundation's beneficiaries include the public, people working across the health and care system, researchers and academics and organisations receiving grants. To maximise the impact of our work we share our evidence across employs various communication channels such as webinars, podcasts, publications, blogs, newsletters, and social media. We aim to maximise the effectiveness of supported programmes and projects by managing our awards. We build skills, knowledge and capability by supporting people and organisations, including through, partnerships, fellowship programmes, networks and events.

Examples from 2025: Health Equals continued to champion action on health inequality, with its cross-sector coalition of member organisations more than doubling to 105. Its award-winning 'Hazmat Loungewear' public campaign brought attention to the health risks from damp, cold and mouldy homes. In October, the Foundation's flagship AI in the NHS Summit convened NHS and industry leaders to explore and share best practice in testing and spreading impactful AI solutions.

Our employees

Our employees' skills, experience and understanding of our strategy are key for delivering our mission. We aim to create an inclusive and diverse organisation with high employee satisfaction and motivation and where people are supported to develop and grow. We have in place approaches for wellbeing, health and safety, support for staff-led peer networks, a people forum, an EDI strategy and action plan and comprehensive learning and development programmes. In July 2025 we also formally recognised UNISON as our trade union.

Examples from 2025: We engaged in a variety of ways and ran a series of focus groups with colleagues across the Foundation to develop our values and behaviours framework. At the Colleagues Conference in June, we took the opportunity to listen to people's feedback on some of the early emerging themes. Following this, we refined the values and identified the behaviours to each of the values, to get to a final framework which represents how we want to be perceived, and the types of behaviours expected. Our new values are Impact, Evidence, Integrity, and Collaboration and they help us to stay aligned with our mission, reflect who we are and what we believe, and they will guide all that we do.

Our partners and other advocates

Through sharing what we learn and collaborating with others, we aim to make a difference and contribute to a healthier population. We engage with others working in health and on the wider determinants of health, meeting regularly across levels of seniority to share ideas and working together on pieces of work to maximise impact.

Examples from 2025: Our independent Commission for Healthier Working Lives published its final report, setting out clear recommendations on how to improve the health of the working-age population, which continues to influence national policy. We welcomed the seventh cohort of Sciana fellows to our European leadership programme focused on cross-cutting challenges facing health and care in Europe. We also published a mix of work comparing international health systems to identify lessons for policy in the UK – including a major new report with OECD.

Suppliers

The Foundation engages a range of suppliers, including investment managers, to support the delivery of its charitable objectives. Suppliers are expected to operate in accordance with ESG imperatives, to align with the Foundation's commitment to equity, diversity and inclusion, and to deliver demonstrable value for money in both services and/or associated impact. As an accredited Living Wage employer, the Foundation seeks to promote fair pay practices within its supply chain, including the payment of at least the Living Wage for labour provided.

Highlights for 2025: During the year, the Funding, Procurement and Partnerships function was restructured to support delivery of the Foundation's Strategy 2030. This included the adoption of a more centralised model for the strategic management of third-party related activities. As a result, we have strengthened our systems, data capability and reporting, and enhanced the Foundation's ability to monitor performance, manage risk and support informed decision-making. These enhancements are enabling more active and timely supplier management, supporting stronger performance oversight and enhanced value for money.

Risk management

The Foundation set out its approach to managing risk, including roles and responsibilities, in its risk management policy. The Audit and Risk Committee and the board of governors regularly review key risks owned by members of the senior leadership team.

The Audit and Risk Committee give direction and reviews the implementation of the risk management process supported by an internal audit plan. Detailed below were the most important risks for 2025.

Key risk	Nature of risk	Management of risk
Investment risk	The value of our endowment is reduced by a significant, sustained drop in the equities market and/or poor investment decisions, resulting in insufficient funds for the charitable activities.	Executive accountability for the endowment sits with the Chief Investment Officer (CIO), who operates within clearly defined delegated authority. Investment oversight is delegated to the Investment Committee, which meets quarterly and comprises a majority of members with specialist expertise in investment strategy and global asset markets, ensuring informed challenge and effective scrutiny. Every 3 years, supported by professional advisers, a full Strategic Asset Allocation review is undertaken to assess whether the balance between targeted returns and the associated level of investment risk remains appropriate and sustainable. While the portfolio is predominantly invested in long-term equity assets to provide inflation protection, it also maintains strong liquidity.
Strategic relevance	We fail to address the biggest issues facing health and care in the UK and we struggle to respond to emerging issues, limiting our impact and influence.	Robust oversight arrangements are in place to support delivery of Strategy 2030. The strategy has been approved by the Board following a thorough development process. Since its establishment in January 2025, the Strategy Committee has become an effective mechanism for scrutinising and challenging new work, identifying emerging issues, and guiding priorities. In addition, the creation of a new Strategic Opportunities Unit will help embed ongoing horizon scanning and strengthen the integration of strategic insight into future planning.

Key risk	Nature of risk	Management of risk
Data, technology and cyber governance	Inadequate governance of data, technology and cyber security results in fragmented systems, inconsistent data, weakened control environments, and increased exposure to cyber threats, undermining organisational resilience, assurance, and decision-making.	Cyber risk is continuously monitored through dedicated security oversight mechanisms. An enterprise IT strategy is being developed to address system fragmentation and improve data coherence across the organisation. The strategy will strengthen accountability and governance for technology and data, establishing consistent oversight of systems, suppliers, and assurance evidence. Enhanced governance will improve auditability, reduce technology risk, and underpin robust cyber and information security controls.
Change management	The Future Foundation Programme fails to deliver the planned benefits, resulting in failure to materialise opportunities to align to its strategy and improve operational efficiency.	The scope of the change management programme has largely stabilised, and a new organisational structure is in place to support delivery of Strategy 2030. While this represents important progress, further process and operational changes are required to fully embed the new operating model. There remains a risk that capacity constraints or change fatigue could affect delivery and benefits realisation. Clear, timely communication and sustained support for staff therefore remain critical to mitigating these risks and ensuring successful adoption of the remaining changes.
People, culture and capability	Failure to build a cohesive culture, maintain staff engagement, and secure the right balance of skills and independent expertise at board, executive, and operational levels thereby weakening leadership capacity and impairing delivery of the Foundation's strategy.	Good progress has been made in implementing the People Plan, with focused delivery across the four priority projects: Leadership and Management; Values and Behaviours; Progression and Reward; and the Equality, Diversity and Inclusion (EDI) Strategy. These initiatives will strengthen leadership capability, cultural alignment, and staff engagement in support of the Foundation's strategic objectives. In parallel, succession planning arrangements for the Board of Governors, Executive Committee, and other critical roles are being developed to address capability and resilience risks and ensure continuity of leadership and expertise.
Quality	Our work lacks sufficient rigour, accuracy, quality and objectivity with associated reputational damage.	A governance framework for both funded and in-house research was approved by the Foundation's Executive Committee. We also have in place a quality assurance policy and process which applies to all published analysis undertaken in-house.

Compliance and other corporate risks are important to the Foundation, and our internal audit strategy helps manage both. Through this we ensure all risks on our corporate risk register are covered in a 3–4-year cycle.

The internal audit annual report opinion remains at the second highest rating which has been renamed in the year to 'generally satisfactory with improvements required in some areas'. This opinion is based on the outcomes of internal audit reviews completed during the year which assessed the design and operating effectiveness of controls across key risk areas. These continued to reflect that while there is further work to be done, in the main we

are now operating in an environment where there are appropriate procedures and controls in place to mitigate the key risks, accepting that there are ongoing opportunities to improve their efficiency and effectiveness.

This aligns with the conclusions of work on our assurance map in June 2025, which provides an overview of the key assurance mechanisms in place across the Foundation. The conclusion of the second full review of the map was that: 'The Foundation has made significant improvements to its assurance structures in comparison to those observed during the last assurance mapping exercise in 2022.' This reflects a more mature and coordinated approach to risk management and assurance.

Trustees' report

Structure, governance and management

The Health Foundation is a registered charity and a company limited by guarantee. It is governed by its memorandum and articles of association adopted on 24 July 1996 and last amended on 15 July 2021. The Foundation's endowment was first established in 1998.

The board is responsible for the overall governance of the Foundation. All governors are members and directors of the company, and trustees of the registered charity. Governors are appointed for a term of 5 years and may be appointed for a second term of up to 4 years. The current governors and any past governors who served during the year are listed in the table below, together with the names of independent members of committees.

Name	Member/ governor	Audit Committee	Investment Committee	Programme related investments committee (from November 2025)	Remuneration and Governance Committee
Hugh Taylor	Chair (until end July 2025)		✓		✓
David Behan (appointed 9 July 2025)*	Chair (from 1 August 2025)				
Katie Blacklock	✓	✓	Chair		
Dawn Edge	✓				✓
Kim Graham	✓ (from 16 August 2025)	✓			
Eric Gregory	✓ (until 30 June 2025)	Chair (until 30 June 2025)		Chair (until 30 June 2025)	✓ (until 30 June 2025)
Ravi Gurumurthy	✓ (until 31 August 2025)			✓ (until 31 August 2025)	
Loraine Hawkins	✓				✓
Ruth Hussey	Vice Chair				Chair
Paul Najsarek	✓	Chair (from 1 July 2025)			
Karen Reid	✓ (from 12 August 2025)				✓ (from 18 September 2025)
Roland Sinker	✓		✓		

Name	Member/ governor	Audit Committee	Investment Committee	Programme related investments committee (from November 2025)	Remuneration and Governance Committee
David Smart**	✔		✔ Chair (from 1 April 2026)		
Rosalind Smyth	✔ (until 17 July 2025)				✔ (until 17 July 2025)
Rachel Sylvester	✔				
Stian Westlake	✔ (from 12 August 2025)	✔ (from 6 October 2025)			

* David Behan has standing invitations to Audit and Risk Committee and Investment Committee.
**David Smart was engaged by the Foundation as a paid Investment Consultant from 31 October 2024 until 31 March 2026. Arrangements were in line with the Foundation's Policy on Payments to Governors Providing Contracted Services and followed the Charity Commission's guidance on payments for trustees.

The following served as independent members of committees during 2025.

Name	Audit Committee	Investment Committee
Robert Beveridge	✔ (until June 2025)	
Mark Chaloner		✔
Andrew Milligan		✔

The board regularly reviews the skills and experience of the governors to ensure they are relevant to the Foundation's mission and provide balance to the board.

The board meets at least four times a year and approves strategic, business plans and budgets and reviews operational and investment performance.

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

its governor training and development policy every 2 years. The articles of association set a minimum number of trustees at 5 and a maximum at 15.

Organisational structure and how decisions are made

The board of governors has set down a schedule of matters which it cannot delegate in line with the Charity Commission guidance on matters reserved for board decision. These include:

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

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

- **The Audit Committee** (the name for which was revised from 'Audit' to 'Audit and Risk Committee in January 2026) assists the board in meeting its responsibilities in financial reporting and internal control. It provides a channel of communication between the Foundation's external and internal auditors and the board. It provides direction and reviews the implementation of the Foundation's risk management strategy and system of internal controls.
- **The Investment Committee** assists the board with developing investment policies agreed by the board. The committee sets and regularly reviews a long-term investment strategy to meet the Foundation's investment objectives. The chief executive and the chief investment officer are members of this committee.

- **The Programme Related Investments Committee** assisted the board in meeting its responsibilities in overseeing the Foundation's investments in Medtrust and THIS Labs, together with any future programme related investment proposals. The last meeting was held on 16 December 2025. The board decided to wind up the committee on 13 January 2026 on the basis that there were no further programme-related investments in the pipeline, and that Medtrust Innovations Ltd would oversee the investment in the BMJ Quality and Safety Journal and that THIS Labs would report directly to the board.
- **The Remuneration and Governance Committee** assists the board in monitoring and advising on the size and composition of the board of governors; their selection, recruitment induction and training; and manages reviews of board performance, as requested by the board. The committee approves the framework and policy determining the overall reward strategy applicable to all Foundation staff and for the chief executive and senior leaders.

The Foundation has three subsidiary companies:

- **Medtrust Innovations Ltd**, company registration number 03910581, a wholly owned subsidiary company of the Health Foundation that together with BMJ Publishing Group co-owns the BMJ Quality and Safety Journal, a publication providing insights and information with the aim of improving the quality of health care. In 2025 the board of Medtrust Innovations Ltd comprised: Eric Gregory, Chair, until June 2025, Nick Bateson (who became chair from July 2025), Malte Gerhold (until September 2025) and Jessica Spearman (from October 2025). The board meets twice a year. The chair reports to the Health Foundation board of governors on a regular basis. On 17 July 2025 the Foundation's board passed a resolution to remove the need for the Medtrust board to include governors on this subsidiary's board. It was agreed that the quorum for board meetings of Medtrust be set as two directors with no requirement for a governor of the Health Foundation to be present in order for a quorum to be formed.
- **Victoria Fund LP Incorporated**, registered as a Guernsey incorporated limited partnership under The Limited Partnerships (Guernsey) Law, 1995 as amended was formed in February 2010 as a vehicle to invest in a combination of hedge funds and private equity. The Health Foundation, as

the limited partner, is entitled to all investment returns less a priority share by the general partner.

- **THIS Labs Ltd**, company registration number 14506058, renamed Thiscovery Ltd in January 2026, the Health Foundation has a 70% share in THIS Labs Ltd. In addition to the share capital, in April 2025 the Foundation invested £1.5m in a convertible loan note issued by THIS Labs. Nick Bateson, Managing Director (from May 2026, previously Chief Operating Officer) became a Director of THIS Labs Ltd after Malte Gerhold, Director of Innovation and Improvement, left in October 2025 and reports on the progress of the company to the Health Foundation's board.

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

Senior leadership

The chief executive is responsible for the day-to-day management of the Foundation's affairs and for implementing policies agreed by the board of governors. The chief executive is assisted by a group of senior leaders who are listed below. Although the senior executive team are called directors, they are not the 'legal' directors of the charitable company.

Chief Executive	Jennifer Dixon
Chief Operating Officer (until March 2026), Managing Director (from April 2026)	Nick Bateson
Chief Investment Officer*	Alex Schoenfeldt (from February 2026)
Director of Communications	Patrick South
Director of Health	Jo Bibby (until May 2026)
Director of Innovation and Improvement	Malte Gerhold (until September 2025)
Director of Policy (until August 2025) Director of Policy and Research (from September 2025)	Hugh Alderwick
Director of Research and Analysis	Charles Tallack (until August 2025)
Interim Director of Analysis	Carl Mayers (from September 2025 to January 2026)
Director of Analysis	Daniel Law (from February 2026)

*The Chief Investment Officer role has been covered by Nick Bateson until February 2026, with David Smart stepping down as Chair of Investment committee and acting as a consultant until 31 March 2026.

The charity's registered office and list of key advisers can be found in legal and administrative information (page 27).

Principal activities and development

The Health Foundation is an independent charitable organisation working to build a healthier UK. It achieves this through supporting people and organisations. Further information on the charity's activities and developments are included in the Strategic report.

Statement of governors' responsibilities

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

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

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

The governors have overall responsibility for ensuring that the Foundation has appropriate systems and controls, financial and otherwise. They are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Foundation and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets

of the Foundation and for their proper application as required by charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

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

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

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

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

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

Declarations and conflicts of interest policy

The Foundation has drawn up and implemented a declarations of interest policy that explains the nature of potential conflicts of interest. It requires governors, independent members of committees, employees and other defined categories of individual with whom the Foundation works from time to time, to declare all interests relevant to the Foundation's work and provides a framework for managing situations when conflicts arise.

Governors, independent members of committees and senior employees are also required to notify the chief executive or chief operating officer of any association with a body or organisation which is or might become an applicant for funds from the Foundation. A register is kept and those interests declared by governors and members of the directors' team are reviewed regularly by the directors and produced for inspection at all board meetings.

Details of transactions with related parties are set out in note 25 of the financial statements. The Foundation has a comprehensive whistle-blowing policy.

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

This Trustees' report, including Strategic report, prepared under the Charities Act 2011 and the Companies Act 2006, was approved by the governors on 16 July 2026 in their capacities as trustees of the charity and directors of the company. This included their approval of the Trustees' and strategic reports contained within it. The Trustees' report is signed as authorised on their behalf by:

Sir David Behan, Chair
16 July 2026

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

Opinion

We have audited the financial statements of The Health Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2025, which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2025 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant

to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 trustees are responsible for the other information contained within the financial statements. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on pp 53–4, 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding of the group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the group, which were contrary to applicable laws and regulations including fraud, and we considered the

extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, FRS 102 and the Charities SORP 2019. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related posting manual journal entries to manipulate financial results, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to investment valuations and the grants payable.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with management their policies and procedures regarding compliance with laws and regulations;
- Review of the financial statement disclosures to underlying supporting documentation;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Substantively testing of income and testing of current year and post year end journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud;
- Review of legal and professional nominal account to identify any potential undisclosed claims or litigations;

- Discussing among the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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

Colin Wright
(Senior Statutory Auditor)

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor
4 Thomas More Square
London E1W 1YW

Financial statements

Consolidated statement of financial activities for the year ended 31 December 2025

	Notes	Unrestricted fund £'000	Restricted fund £'000	Non Controlling Interest (NCI) fund £'000	Expendable Endowment fund £'000	Total 2025 £'000	Total 2024 £'000
Income:							
Charitable activities	3	799	406	–	–	1,205	2,339
Investment income	4	20,964	–	–	–	20,964	14,864
Capital applied to income	5	33,837	–	–	(33,837)	–	–
Total income		**55,600**	**406**	–	**(33,837)**	**22,169**	**17,203**
Expenditure:							
Fund management	6	–	–	–	13,069	13,069	16,857
Charitable activities	7	55,600	896	–	–	56,496	50,427
Total resources expended		**55,600**	**896**	–	**13,069**	**69,565**	**67,284**
Operating (deficit)/surplus		–	(490)	–	(46,906)	(47,396)	(50,081)
Net gain/(loss) on investments	11	–	–	–	82,563	82,563	103,821
Net (expenditure)/income for the year before transfers		–	(490)	–	35,657	35,167	53,740
Transfers between funds		–	40	–	(40)	–	–
Net income/(expenditure) for the year before NCI		–	(450)	–	35,617	35,167	53,740
NCI income/ (expenditure) for the year		–	–	(444)	–	(444)	(551)
Net income/(expenditure) for the year		–	(450)	(444)	35,617	34,723	53,189
Fund balances as at 1 January		–	450	(438)	1,228,248	1,228,260	1,175,071
Fund balances as at 31 December		–	–	(882)	1,263,865	1,262,983	1,228,260

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities. For the full comparatives see note 28.

Consolidated balance sheet as at 31 December 2025

	Notes	£'000	2025 £'000	£'000	2024 £'000
Fixed assets:					
Intangible fixed assets	12		56		539
Tangible fixed assets	13		1,725		2,256
Investments	14		1,279,746		1,242,010
Programme-related investment	14		526		526
Total fixed assets			**1,282,053**		**1,245,331**
Current assets:					
Debtors	16	1,491		1,355	
Cash and short-term deposits		5,274		5,033	
Total current assets		**6,765**		**6,388**	
Current liabilities:					
Amounts falling due within one year	17	(10,803)		(13,695)	
Net current liabilities			**(4,038)**		**(7,307)**
Total assets less current liabilities			**1,278,015**		**1,238,024**
Creditors: amounts falling due after more than one year	18		(11,840)		(9,066)
Provisions for liabilities	20		(3,192)		(698)
Net assets			1,262,983		1,228,260
Capital funds					
Endowment funds general			1,263,865		1,228,248
Income funds					
Unrestricted fund			–		–
Restricted funds			–		450
Total funds before NCI			**1,263,865**		**1,228,698**
Non Controlling Interest (NCI) funds					
NCI fund			(882)		(438)
Total funds			1,262,983		1,228,260

The accounts were approved by the governors, and authorised for issue on 17 July 2026 and signed by:

Sir David Behan
Trustee

Paul Najsarek
Trustee

Company Registration No. 01714937

Charity balance sheet as at 31 December 2025

	Notes	£'000	2025 £'000	£'000	2024 £'000
Fixed assets:					
Intangible fixed assets	12		56		134
Tangible fixed assets	13		1,725		2,235
Investments	14		924,246		847,295
Programme-related investment	14		356,026		396,663
Total fixed assets			**1,282,053**		**1,246,327**
Current assets:					
Debtors	16	1,168		1,109	
Cash and short-term deposits		4,239		4,035	
Total current assets		**5,407**		**5,144**	
Current liabilities:					
Amounts falling due within one year	17	(10,705)		(13,618)	
Net current liabilities			**(5,298)**		**(8,474)**
Total assets less current liabilities			**1,276,755**		**1,237,853**
Creditors: amounts falling due after more than one year	18		(11,840)		(9,066)
Provisions for liabilities	20		(3,193)		(698)
Net assets			1,261,722		1,228,089
Capital funds					
Endowment funds general			1,261,722		1,227,639
Income funds					
Unrestricted fund			–		–
Restricted funds			–		450
Total funds			1,261,722		1,228,089

The company has taken advantage of the legal dispensation granted under s.408 of the Companies Act 2006 allowing it not to present its own statement of financial activities. The company's net income for the year is £33,633k (2024: net income £53,149k).

The accounts were approved by the governors, and authorised for issue on 17 July 2026 and signed by:

Sir David Behan
Trustee

Paul Najsarek
Trustee

Company Registration No. 01714937

Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Cash flows from operating activities:					
Cash absorbed by operations	27		(52,435)		(58,524)
Investment activities:					
Purchase of tangible fixed assets		(46)		(161)	
Investment proceeds re-invested		(20,444)		(14,246)	
Withdrawals from investments		65,271		72,535	
Investment management fees		(13,069)		(16,857)	
Investment income		20,964		14,864	
Net cash generated from investing activities			**52,676**		**56,135**
Net increase/(decrease) in cash and cash equivalents			241		(2,389)
Cash and cash equivalents at beginning of year			5,033		7,422
Cash and cash equivalents at end of year			5,274		5,033

Notes to the financial statements for the year ended 31 December 2025

Charity information

The Health Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 8 Salisbury Square, London EC4Y 8AP.

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

1.0 Accounting policies

1.1 Accounting convention

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

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

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

1.2 Basis for consolidation

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

The charitable company has taken advantage of the exemptions in FRS 102 not to present a company only cash flow statement and certain disclosures about the company's financial instruments. The company has taken advantage of the legal dispensation granted under s.408 of the Companies Act 2006 allowing it not to present its own statement of financial activities. The company's net income for the year is £33,634k (2024: net income £53,149k).

1.3 Going concern

At the time of approving the financial statements, the governors have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. This expectation includes an assessment of the ongoing impact of political and economic challenges facing global markets. There is market uncertainty which may lead to some volatility. We have enough liquidity in the portfolio to fund the charity's plans for the foreseeable future. Under our normal internal governance procedures, we conducted a Strategic Asset Allocation review in 2024 and continue to monitor this in light of ongoing uncertainties. Thus, the governors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Charitable funds

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

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

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

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

1.5 Incoming resources

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

1.6 Resources expended

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

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

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

- Grants including programme costs where an actual/constructive obligation exists, notwithstanding that they may be paid in future accounting periods. However, where conditions attach to the grant such that it is a performance-related grant then this is charged as the conditions are satisfied and are expensed as the related activity is performed.
- Salary costs that can be directly attributed to strategic, programme and policy work. It also includes the cost pertaining to support staff.
- Overheads such as the rent and running costs of the office space. These costs are allocated to charitable strategic priorities based on the relevant proportions of the direct costs of the charitable activities.
- Governance costs comprise all costs attributable to ensuring the public accountability of the Foundation and its compliance with regulation and good practice. These costs include costs related to statutory and internal audit together with an apportionment of support costs based on time spent.
- Retirement pensions and related benefits to defined contribution schemes are charged to the unrestricted fund in the accounting year in

which the contributions are paid. Provision is made for the discounted expected future costs of unfunded pension benefit commitments at each balance sheet date, based on actuarial advice.

1.7 Intangible fixed assets other than goodwill

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

Intangible assets are defined as having finite useful lives and the costs are amortised on a straight-line basis over the term of the project life. Intangible assets are stated at cost less amortisation and are reviewed for impairment whenever there is an indication that the carrying value may be impaired.

1.8 Tangible fixed assets

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

- Fixtures and fittings – 5 years
- Computers – 3 years
- Office building modifications – 10 years (included in fixtures and fittings category in the notes)

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

1.9 Fixed asset investments

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

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

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

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

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

1.10 Impairment of fixed assets

Impairment of tangible and intangible fixed assets are reviewed annually and any impairment is recognised as an expense in the year that it occurs.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within 1 year are not amortised.

Basic financial liabilities

Basic financial liabilities, including trade creditors and grants payable are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within 1 year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within 1 year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.13 Provisions and grants

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

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

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

1.14 Employee benefits

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

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

1.15 Retirement benefits

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

1.16 Leases

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

1.17 Foreign exchange

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

1.18 Exemptions

The charitable company has taken advantage of the exemptions in FRS 102 not to present a company only cash flow statement and certain disclosures about the company's financial instruments. The company has taken advantage of the legal dispensation granted under s.408 of the Companies Act 2006 allowing it not to present its own statement of financial activities. The company's net income for the year is £33,634k (2024: net income £53,149k).

2.0 Critical accounting estimates and judgements

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

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

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

Investment valuation

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

3.0 Charitable activities

	Share of profit in *BMJ Quality & Safety* £'000	THIS Labs Ltd £'000	Other income £'000	Total 2025 £'000	Total 2024 £'000
Other income*	298	301	606	1,205	2,339
Analysis by funds:					
Unrestricted funds	298	301	200	799	
Restricted funds	–	–	406	1,205	
	298	**301**	**606**	**1,205**	
For year ended 31 December 2024:					
Unrestricted funds	280	175	160		615
Restricted funds	–	–	1.724		1,724
	280	175	1,884		2,339

*In 2025, we received restricted income of £406k (2024: £1,724k) mainly from NHS England for Q, a jointly funded initiative.

4.0 Investments

	2025 £'000	2024 £'000
Income from listed investments	10,986	9,521
Fixed interest income	7,514	2,009
Property fund income	2,275	3,463
Alternatives income	189	(129)
	20,964	14,864

The increase in alternatives income was a result of a slowed exit environment after a period of high interest rates in 2024.

5.0 Capital applied to income

	Unrestricted funds £'000	Endowment funds general £'000	Total 2025 £'000	Total 2024 £'000
Released from endowment funds	33,837	(33,837)	–	–
For the year ended 31 December 2024	33,016	(33,016)	–	–

6.0 Fund management

	2025 £'000	2024 £'000
Cost of fund management:		
Investment advisory costs	394	344
Staff and operating costs	860	666
Custodian fees	114	78
Investment managers' fees	11,701	15,769
	13,069	16,857

The investment managers' fees of £11,701k (2024: £15,769k) includes: management fees of £8,391k (2024: £9,464k), incurred on the endowment value of £1,279,746k (2024: £1,242,010k) and performance fees of £1,759k (2024: £5,261k), the decrease is driven by a large performance fee relating to a private equity distribution in 2024.

The cost of raising funds is 1.0% (2024: 1.4%).

7.0 Expenditure on charitable activities

	Effective innovation and improvement in health and care £'000	Better health and care policy making £'000	Improving health and reducing inequalities £'000	Cross-cutting strategic activities £'000	Total 2025 £'000	Total 2024 £'000
Grant funding of activities (see note 29)	11,567	5,057	3,632	909	21,165	16,497
Direct costs*	12,332	4,012	2,881	1,004	20,229	21,253
Share of support costs*	7,710	3,371	2,421	606	14,108	11,955
Share of governance costs*	543	237	171	43	994	722
	32,152	12,677	9,105	2,562	56,496	50,427

*See note 8

Analysis by fund:						
Unrestricted funds	31,256	12,677	9,105	2,562	55,600	48,495
Restricted funds	896	–	–	–	896	1,932
	32,152	12,677	9,105	2,562	56,496	50,427

2025 was the final year of our 3 year strategy and the above table reflects the three strategic priorities for 2023–5.

For the year ended 31 December 2024

	Effective innovation and improvement in health and care £'000	Better health and care policy making £'000	Improving health and reducing inequalities £'000	Cross-cutting strategic activities £'000	Total £'000
Unrestricted funds	24,563	5,208	14,111	4,613	48,495
Restricted funds	1,932	–	–	–	1,932
	26,495	5,208	14,111	4,613	50,427

8.0 Direct, support and governance costs

	Direct costs £'000	Support costs £'000	Governance costs £'000	2025 £'000	2024 £'000
Staff costs	16,064	7,279	611	23,954	20,232
Depreciation	–	633	–	633	1,163
Property costs	–	1,825	–	1,825	1,794
Technology costs	217	1,532	–	1,749	2,173
Other direct/ support costs	3,948	2,574	–	6,522	8,164
Audit fees	–	13	74	87	71
Legal and professional	–	237	106	343	196
Internal audit	–	15	75	90	93
Other governance costs	–	–	128	128	44
	20,229	14,108	994	35,331	33,930

Direct costs of charitable activities are mainly to further the Foundation's objectives by organising conference and events, carrying out direct and commissioned work in-house, scoping, developing, and managing grant programmes, and publishing and disseminating reports on research findings.

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

Governance costs include payments to auditors of £87k (2024: £71k) for audit fees and £5k (2024: £8k) for non-audit services.

9.0 Governors

David Smart has acted as an investment consultant to the Investment team from October 2024, temporarily stepping down from his role as Investment Committee Chair. Interim Investment Committee Chair is Katie Blacklock. David was recompensed £259k in 2025 (2024: £60k).

None of the other governors (or any persons connected with them) received any remuneration or benefits from the Foundation during the year.

Trustees' expenses received totalled £261k (2024: £63k), including the investment consultant fees paid to David Smart.

10.0 Employment costs

	2025 £'000	2024 £'000
Wages and salaries	20,076	17,123
Social security costs	2,294	1,938
Other pension costs	1,844	1,617
Other costs	47	9
Total employment costs*	24,261	20,687

*Total employment costs during the year were £24,261k (2024: £20,687k). This includes salary costs relating to management of the endowment of £307k (2024: £455k) and are included in cost of raising funds (note 6) rather than note 8.

The wages and salaries in 2025 includes a £2.4m provision for redundancy given the collective consultation that started in November 2025, excluding this the increase reflects usual cost of living changes.

The average number of employees during the year was 281 (2024: 273), noting the headcount was higher until end of October (an average of 286), and then decreased with the transfer of the Q team to their new home in NHS Alliance (renamed NHS Confederation) resulting in an average headcount in November and December of 260. This equated to a full time equivalent of 262 (2024: 254), decreasing to 238 in December after the Q team transfer.

The number of employees whose overall remuneration in the year was £60,000 or more were (note the calculation includes salary, compensation, NI and employers pension contributions):

	2025	2024
£60,001–£70,000	35	46
£70,001–£80,000	56	29
£80,001–£90,000	14	16
£90,001–£100,000	19	10
£100,001–£110,000	1	8
£110,001–£120,000	12	7
£120,001–£130,000	3	4
£130,001–£140,000	2	1
£140,001–£150,000	2	1
£150,001–£160,000	2	1
£160,001–£170,000	–	1
£170,001–£180,000	1	1
£180,001–£190,000	1	1
£200,001–£210,000	–	1
£210,001–£220,000	–	1
£220,001–£230,000	1	–
£280,001–£290,000	–	1
£290,001–£300,000	2	–

11.0 Net gain/(loss) on investments

	2025 £'000	2024 £'000
Revaluation of investments	82,563	103,821

Net revaluation of investments comprises:

- A gain in our listed investments of £78,538k (2024: £95,650k), with global equity markets positive momentum in part due to lower interest rates and perceived productivity gains from AI.
- An increase in the value of unquoted investments of £4,025k (2024: £8,171k), as market optimism returned, alongside cheaper financing.

12.0 Intangible fixed assets

Group	Software £'000	Q Project £'000	Total £'000
Cost:			
At 1 January 2025	1,597	2,186	3,783
Write offs	(535)	–	(535)
At 31 December 2025	1,062	2,186	3,248
Amortisation and impairment:			
At 1 January 2025	1,058	2,186	3,244
Amortisation charge in the year	128	–	128
Write offs	(180)	–	(180)
At 31 December 2025	1,006	2,186	3,192
Carrying amount:			
At 31 December 2025	56	–	56
At 31 December 2024	539	–	539

Software relates to (i) our key office applications, including finance and grant management systems, and Microsoft Office 365 applications; (ii) our secure data environment.

The write offs were for consultancy costs relating to software installations (£61k) which was fully depreciated and to write off the THIS Labs intangible assets (£475k) which included a write down of £119k as it was not yet fully depreciated.

12.0 Intangible fixed assets (continued)

The Q Initiative identifies and connects people skilled in improvement across the UK, through online and events-based capabilities that promote knowledge-sharing, development, and other improvement activities. The Q team transferred to NHS Alliance (renamed NHS Confederation) in November 2025 but given the changes in NHS Alliance the IT infrastructure has not been fully transferred, this will be completed and then written off in 2026.

Charity	Software £'000	Q Project £'000	Total £'000
Cost:			
At 1 January 2025	1,123	2,186	3,309
Write offs	(61)	–	(61)
At 31 December 2025	1,062	2,186	3,248
Amortisation and impairment:			
At 1 January 2025	989	2,186	3,175
Amortisation charge in the year	78	–	78
Write offs	(61)	–	(61)
At 31 December 2025	1,006	2,186	3,192
Carrying amount:			
At 31 December 2025	56	–	56
At 31 December 2024	134	–	134

13.0 Tangible fixed assets

Group	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost:			
At 1 January 2025	5,405	809	6,214
Additions	11	35	46
Write offs	–	(232)	(232)
At 31 December 2025	5,416	612	6,028
Depreciation and impairment:			
At 1 January 2025	3,310	648	3,958
Depreciation charge in the year	460	111	571
Write offs	–	(226)	(226)
At 31 December 2025	3,770	533	4,303
Carrying amount:			
At 31 December 2025	1,646	79	1,725
At 31 December 2024	2,095	161	2,256

Charity	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost:			
At 1 January 2025	5,405	777	6,182
Additions	11	35	46
Write offs	–	(200)	(200)
At 31 December 2025	5,416	612	6,028
Depreciation and impairment:			
At 1 January 2025	3,310	637	3,947
Depreciation charge in the year	460	96	556
Write offs	–	(200)	(200)
At 31 December 2025	3,770	533	4,303
Carrying amount:			
At 31 December 2025	1,646	79	1,725
At 31 December 2024	2,095	140	2,235

14.0 Fixed assets investments

	Investments		
Group	Portfolio £'000	Other £'000	Total £'000
Valuation:			
At 1 January 2025	1,242,010	526	1,242,536
Valuation changes	81,131	–	81,131
Income (excluding bank interest)	20,424	–	20,424
Investment management costs included in the fund	(10,222)	–	(10,222)
Net withdrawals from portfolio	(53,597)	–	(53,597)
At 31 December 2025	1,279,746	526	1,280,272
Cost:			
At 31 December 2025	1,191,578	526	1,192,104
At 31 December 2024	1,139,632	526	1,140,158

	Notes	2025 £'000	2024 £'000
Other investments comprise:			
Programme-related investments	26	526	526
Investments at fair value comprise:			
Property funds		51,675	63,875
Infrastructure funds		76,059	66,591
Equities		657,565	661,774
Fixed interest		184,734	92,675
Alternatives		256,746	312,450
Impact		8,171	2,599
Cash		44,796	42,046
		1,279,746	1,242,010

14.0 Fixed assets investments (continued)

	Investments		
Charity	Portfolio £'000	Other £'000	Total £'000
Valuation:			
At 1 January 2025	847,295	396,663	1,243,958
Valuation changes	62,921	15,290	78,211
Income	15,839	4,585	20,424
Investment management costs included in the fund	(1,612)	(8,610)	(10,222)
New funds contributed to the portfolio	–	1,500	1,500
Funds withdrawn from portfolio	(197)	(53,402)	(53,599)
At 31 December 2025	924,246	356,026	1,280,272
Cost:			
At 31 December 2025	900,223	291,881	1,192,104
At 31 December 2024	839,893	300,265	1,140,158

	Notes	2025 £'000	2024 £'000
Other investments comprise:			
Investment in subsidiaries		355,500	396,136
Programme-related investments		526	526
Investment in subsidiaries	26	356,026	396,662
Investments at fair value comprise:			
Property funds		51,675	63,876
Equities		657,565	661,774
Fixed interest		184,734	92,675
Alternatives		8,171	2,161
Cash		22,101	26,809
		924,246	847,295

A currency hedging programme was in place during the year to manage foreign currency exchange risk. At 31 December 2025, the group had open foreign exchange forward contracts, to mitigate any currency risk between USD and Sterling on the hedge fund mandate in the Victoria Fund. These contracts have been revalued at the applicable year-end revaluation rate, and the resulting unrealised gains/(losses) are included within the overall value of the investments above.

14.0 Fixed assets investments (continued)

At 31 December 2025, the Victoria Fund held contracts to buy £136,292k and $13,807k at fixed rates (2024: £225,604k and $41,024k). The unrealised loss associated with these forward currency contracts totalled £2,325k as at 31 December 2025 (2024: £4,051k loss).

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

The following table illustrates the expected liquidity of assets and liabilities held as at 31 December 2025:

	Less than 6 months £'000	6–12 months £'000	More than 12 months £'000	Long-term lock up* £'000
Total non-current assets	–	–	–	316,930
Total current assets	41,422	–	–	–
Total current liabilities	(2,670)	–	–	–

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

At the balance sheet date, the Foundation had total unfunded investment commitments of £136,876k (2024: £148,660k) for private equity and infrastructure from total commitments of £475,745k (2024: £463,495k). These commitments form part of the planned asset allocation and will be met from within the existing endowment investments. Included in these numbers are the directly held impact investments.

In September 2024 £4m was committed to Meridian Health Ventures Fund I Limited Partnership to date capital of £3.1m has been called (2024: £2.6m). This venture fund invests in UK companies across digital health, med-tech and enterprise software primarily in the UK, seeking to improve patient outcomes as well as the lives of healthcare workers in the UK and beyond. In December 2024 $10m was committed JP Morgan Campbell global forestry and climate solutions fund II, to date capital of $5.1m has been called (2024: $0m).

15.0 Financial instruments

Group	2025 £'000	2024 £'000
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	5,686	5,297
Instruments measured at fair value through profit or loss	1,279,746	1,242,010
Carrying amount of financial liabilities:		
Measured at amortised cost	22,643	22,761

Charity	2025 £'000	2024 £'000
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	4,328	4,053
Instruments measured at fair value through profit or loss	924,246	847,295
Carrying amount of financial liabilities:		
Measured at amortised cost	27,819	27,717

16.0 Debtors: Amounts falling due within 1 year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Other debtors	412	264	75	4
Prepayments and accrued income	1,079	1,091	1,079	1,091
Amounts due from subsidiaries	–	–	14	14
	1,491	1,355	1,168	1,109

17.0 Creditors: Amounts falling due within 1 year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	920	617	822	540
Grants payable	7,513	9,806	7,513	9,806
Other creditors	955	1,419	955	1,419
Accruals and deferred income	1,415	1,853	1,415	1,853
	10,803	13,695	10,705	13,618

18.0 Creditors: Amounts falling due after more than 1 year

	Group		Charity	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Grants payable – in 2 to 5 years	11,840	9,066	11,840	9,066

19.0 Grants payable

	2025 £'000	2024 £'000
As at 1 January	18,872	29,090
Grants committed in the year	13,951	16,127
Paid during the year	(13,401)	(26,809)
Discounting applied to grants payable in more than a year	(69)	464
As at 31 December	19,353	18,872
Split into:		
Grants payable – due within 1 year (note 17)	7,513	9,806
Grants payable – in 2 to 5 years (note 18)	11,840	9,066
As at 31 December	19,353	18,872

20.0 Provisions for liabilities

	2025 £'000	2024 £'000
Pension obligations	423	411
Dilapidations	349	287
Redundancy and related costs	2,420	–
	3,192	698

Movement on provisions:

	Pension obligations £'000	Dilapidations £'000	Redundancy & related costs £'000	Total £'000
At 1 January 2025	411	287	–	698
Increase/(decrease) in the year	39	62	2,420	2,521
Payment in the year	(27)	–	–	(27)
At 31 December 2025	423	349	2,420	3,192

21.0 Retirement benefit schemes

a) AEGON Group Personal Pension Plan

The Health Foundation offers all current employees the opportunity to join the defined contribution Group Personal Pension Plan provided by AEGON. Contributions in the year were £1,817k (2024: £1,590k). There was £70k in outstanding contributions at 31 December 2025 (2024: £6k).

b) Other retirement benefits

The Foundation has an unfunded future commitment to a former employee. The contractual commitment (as defined in the contractual arrangement) is to pay a pension equivalent to 1/60th of their pensionable salary for each year of pensionable service less any amounts of pension paid to the same members under The Pensions Trust Growth Plan. The potential pension liability at 31 December 2025, based on advice from an actuary, is estimated to be £423k (2024: £411k).

22.0 Analysis of net assets between funds

Group	Unrestricted fund £'000	Restricted fund £'000	Non Controlling Interest fund £'000	Expendable Endowment fund £'000	Total £'000
Fund balances at 31 December 2025 are represented by:					
Intangible fixed assets	56	–	–	–	56
Tangible assets	1,725	–	–	–	1,725
Programme related	526	–	–	–	526
Investments	16,289	–	–	1,263,457	1,279,746
Current (liabilities)/ assets	(3,564)	–	(882)	408	(4,038)
Long term liabilities	(11,840)	–	–	–	(11,840)
Provisions	(3,192)	–	–	–	(3,192)
	–	–	(882)	1,263,865	1,262,983

Charity	Unrestricted fund £'000	Restricted fund £'000	Non Controlling Interest fund £'000	Expendable Endowment fund £'000	Total £'000
Fund balances at 31 December 2025 are represented by:					
Intangible fixed assets	56	–	–	–	56
Tangible assets	1,725	–	–	–	1,725
Investments	18,958	–	–	905,288	924,246
Investment in subsidiary	–	–	–	356,026	356,026
Current (liabilities)/ assets	(5,706)	–	–	408	(5,298)
Long term liabilities	(11,840)	–	–	–	(11,840)
Provisions	(3,193)	–	–	–	(3,193)
	–	–	–	1,261,722	1,261,722

23.0 Capital commitments

The Foundation has a number of contracts that have been entered into, but which are not disclosed as liabilities as they are severable. They cover technical support for our award holders, evaluation and operational services. They are recognised on a cash basis as and when the expenditure is incurred. These amounted to £12,533k at 31 December 2025 (2024: £12,715k).

24.0 Financial commitments

At 31 December 2025, the company had a property lease for its office premises that expires in September 2028. The future minimum lease payments are as follows:

	Land and buildings		Machinery	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Expiry date:				
Within 1 year	1,650	1,650	47	23
Between 2 and 5 years	2,889	4,539	59	–
Over 5 years	–	–	–	–

25.0 Related party transactions

David Smart has been engaged by the Foundation as a paid Investment Consultant since 31 October 2024. Arrangements are in line with the Foundation's Policy on Payments to Governors Providing Contracted Services (last reviewed by the board in July 2024) and follows the Charity Commission's guidance on payments for trustees.

Due to the specialist nature of the projects funded, circumstances may occasionally arise where governors, committee members or staff are associated with organisations which apply for grants. In such cases, the Foundation has clear policies and procedures to ensure that the governor, committee member or member of staff is not involved in the assessment or approval of the grant. All such transactions are undertaken on an arm's-length basis in accordance with the normal grant assessment and arrangements. Details of governors and senior management who have interests in organisations to which the Foundation has made awards or contracted within 2025 are noted in the table below.

25.0 Related party transactions (continued)

Board member/ senior management	Role in associated organisation	Associated organisation
Paul Najsarek	Board member (until September 2024)	What Works Centre for Wellbeing
Hugh Taylor	Trustee	Cicely Saunders International
Mark Chaloner	Investment Committee member	British Red Cross

During the year, Victoria Fund LP Incorporated, a subsidiary of the Foundation, received no investment contributions from the charity (2024: £0). Medtrust Innovations Limited, a subsidiary of the Foundation, donated its profit of £188k (2024: £168k) to the Foundation. In April 2025 the Foundation invested a further £1.5m as a Convertible Loan Note into THIS Labs.

Remuneration of key management personnel

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

	2025 £'000	2024 £'000
Key management personnel	1,488	1,652

26.0 Subsidiaries

The Foundation had three subsidiary undertakings and the details at 31 December 2025 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Medtrust Innovations Limited	England and Wales	Intellectual property	Ordinary	100.00
The Victoria Fund LP Incorporated	Guernsey	Investment fund vehicle	–	–
THISLabs Limited	England and Wales	Business and domestic software development	Ordinary A	70.17

Medtrust Innovations Limited (Medtrust)

Medtrust is wholly owned by the Foundation and is a company registered in England and Wales. It is engaged in the exploitation of intellectual property rights with the same registered office as the Foundation: 8 Salisbury Square, London, EC4Y 8AP.

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

At 31 December 2025, Medtrust had fixed assets of £526k (2024: £526k) and net current assets of £188k (2024: £168k). The shareholders' funds include called-up share capital of £526k (2024: £526k) and reserves of £188k (2024: £168k).

During the year, Medtrust had an operating profit of £188k (2024: £168k). The sum equivalent to its taxable profits will be donated to the Foundation, as provided for in Medtrust's Articles of Association.

26.0 Subsidiaries (continued)

The Victoria Fund LP Incorporated (Victoria Fund)

The Victoria Fund was formed in February 2010 and is a limited partnership, number 1275, registered in Guernsey. It is a vehicle to invest in a combination of hedge funds, private equity and private infrastructure, with a registered office of Oak House, Hirzel Street, St. Peter Port, Guernsey, GY1 2NP. The limited partner is the Health Foundation and the general partner is Brook Street Limited, a Cayman Islands exempt limited company. Brook Street has delegated its powers to an investment manager, Cambridge Associates Limited.

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

As at 31 December 2025, the Victoria Fund had net investment assets of £354, 834k (2024: £388,411k) and the value of its net assets was £355,682k (2024: £394,891k). Net profit in the year was £14,900k (2024: £22,537k).

THIS Labs Ltd (THIS Labs)

THIS Labs is a private limited company and a 70.12% owned subsidiary of the Health Foundation, incorporated in November 2022 and began trading in May 2023. In April 2025 the Foundation invested a further £1.5m as a Convertible Loan Note into THIS Labs. THIS Labs was created to drive innovation and improved approaches to engagement in research and consultation projects. The registered office is Burnham House, Splash Lane, Wyton, PE28 2AF.

At 31 December 2025, THIS Labs (renamed Thiscovery Ltd in January 2026) had fixed assets of £362k (2024: £423k) and net current assets of £1,069k (2024: £977), with long term creditors of £1,500k (2024: £0k) due to the credit loan note. The shareholders' funds include called-up share capital of £1k (2024: £1k) and reserve liabilities of £68k (2024: £1,420k reserve assets).

In 2025 THIS Labs had an operating loss of £1,489k (2024: £1,839k).

26.0 Subsidiaries (continued)

The original investment in THIS Labs by the non-controlling interest had a asset value of £0.5m for 29.83% of the company. This included the intellectual property associated with the proprietary software. Due to the accumulated losses to date, the non-controlling interest's share of those losses is a deficit of £882k (2024: £438k), which has been shown within equity in the Foundation accounts. The non-controlling interest deficit is not a cause for concern as it was expected as part of the start-up phase of the company and recent revisions to the strategy and structure of the business have significantly reduced the cost base. In the Health Foundation accounts given the deficit position the value of THIS Labs has been written off and on consolidation at the group level we have written off the value of the fixed assets (£0.4m).

27.0 Cash used by operations – Group

	2025 £'000	2024 £'000
Surplus for the year	34,723	53,189
Adjustments for:		
Investment income recognised in profit or loss	(20,964)	(14,864)
Cost of raising funds	13,069	16,857
Fair value (gains) and losses on investments	(82,563)	(103,821)
Depreciation, amortisation and impairment of fixed assets	1,060	1,214
Movements in working capital:		
(Increase)/decrease in debtors	(136)	121
Decrease in creditors	(118)	(11,289)
Increase in provisions	2,494	69
Cash absorbed by operations	(52,435)	(58,524)

28.0 Comparative consolidated statement of financial activities for the year ended 31 December 2024

	Notes	Unrestricted fund £'000	Restricted fund £'000	Non controlling Interest (NCI) fund £'000	Expendable Endowment fund £'000	Total 2024 £'000
Income:						
Charitable activities	3	615	1,724	–	–	2,339
Investments	4	14,864	–	–	–	14,864
Capital applied to income	5	33,016	–	–	(33,016)	–
Total income		**48,495**	**1,724**	–	**(33,016)**	**17,203**
Expenditure:						
Fund management	6	–	–	–	16,857	16,857
Charitable activities	7	48,495	1,932	–	–	50,427
Total resources expended		**48,495**	**1,932**	–	**16,857**	**67,284**
Operating profit/ (deficit)		–	(208)	–	(49,873)	(50,081)
Net gain on investments	11	–	–	–	103,821	103,821
Net income/ (expenditure) for the year before NCI			(208)	–	53,948	53,740
NCI income/ (expenditure) for the year		–	–	(551)	–	(551)
Net income/ (expenditure) for the year		–	(208)	(551)	53,948	53,189
Fund balances as at 1 January 2024			658	113	1,174,300	1,175,071
Fund balances as at 31 December 2024		–	450	(438)	1,228,248	1,228,260

29.0 Grant funding

The Foundation funded £21,165k of grants in 2025 (2024: £16,497k). These grants range from small one-off awards to multi-year demonstration projects and fellowships. Integral to all our award making is direct support from the Foundation, as well as expertise from technical providers and consultants. This support is organised and paid for by the Foundation, delivered directly to the award holders and can be in the form of technical development and assistance, learning events and coaching. Within this grant funding the Foundation also funds research and external evaluations to ensure programmes are evidence-based and offer value for money.

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

Lead recipient for strategic priority: Supporting radical innovation and improvement in health and care services	Total £
NHS Confederation	7,282,000
Organisation for Economic Co-operation and Development (OECD)	50,000
Guys and St Thomas NHS Foundation Trust	39,800
Staffordshire University	36,400
Midlands and Lancashire Commissioning Support Unit	28,700
NHS Midlands and Lancashire Commissioning Support Unit – The Strategy Unit	25,000
One HealthTech	22,000
Somerset NHS Foundation Trust	20,000
Royal College of Anaesthetists	20,000
Oxford University Hospitals NHS Foundation Trust	20,000
NHS Hampshire and Isle of Wight ICB	20,000
Bradford District & Craven ICB	20,000
North West Anglia NHS Foundation Trust	20,000
Homerton Healthcare NHS Trust	20,000
Humber & North Yorkshire ICB	19,800
COPE Scotland	19,400
Health Innovation West of England	17,600
SDSmyhealthcare	17,400
Hertfordshire and West Essex ICB	5,200
Sheffield Digestive Diseases	5,000
Queen's University Belfast	(600)
University of Cambridge Department of Public Health and Primary Care	(2,200)
Norfolk and Norwich University Hospitals NHS Foundation Trust	(4,100)

29.0 Grant funding (continued)

Lead recipient for strategic priority: Supporting radical innovation and improvement in health and care services (continued)	Total £
Lancashire Teaching Hospitals NHS Foundation Trust	(9,800)
The University of Manchester	(10,100)
Bradford Teaching Hospitals NHS Foundation Trust	(13,300)
Total	**7,668,100**

Lead recipient for strategic priority: Providing evidence and analysis to improve health and care policy	Total £
University of York	3,187,600
Organisation for Economic Co-operation and Development (OECD)	61,100
University of Manchester	17,000
London School of Economics	16,500
The Commonwealth Fund	5,900
Brown University School of Public Health	(32,300)
Total	**3,255,800**

Lead recipient for strategic priority: Improving people's health and reducing inequalities	Total £
Caribbean & African Health Network (CAHN)	250,000
The Chartered Institute of Public Finance and Accountancy (CIPFA)	130,500
West Midlands Combined Authority	56,000
Race Equality Foundation	49,200
Global Action Plan	30,000
The Innovation Unit	30,000
Centre for Mental Health	30,000
Royal Society of Wildlife Trusts	29,800
Food Foundation	29,300
Liverpool City Region Combined Authority	(3,800)
University of Cambridge Department of Public Health and Primary Care	(10,400)
Leeds City Council	(12,500)
Local Government Association (LGA)	(17,800)
Resolution Foundation	(26,100)
Total	**564,200**

29.0 Grant funding (continued)

Lead recipient for strategic priority: Cross cutting strategic activities	Total £
Queen Mary University of London	4,200
Centre for Health Communication Research (CHCR) Enterprises Limited	(9,600)
Total	**(5,400)**

Lead recipient for strategic priority: Supporting radical innovation and improvement in health and care services	7,668,100
Lead recipient for strategic priority: Providing evidence and analysis to improve health and care policy	3,255,800
Lead recipient for strategic priority: Improving people's health and reducing inequalities	564,200
Lead recipient for strategic priority: Cross cutting strategic activities	(5,400)
Grants and donations awarded to charities by governors	218,800
Movement in discounting of grants payable in more than a year	(69,400)
Services provided by third parties to support award holders and further the work of the Foundation	9,532,600
Total grants	**21,164,600**

Appendix: Directly held investment fund managers

Aikya Investment Management
Pinnacle Investment Management
Octagon Point 5, Cheapside,
London, EC2V 6AA
United Kingdom

Axiom Investors
33 Benedict Place
Greenwich, CT 06830
United States of America

BlackRock Investment
Management Ltd
12 Throgmorton Avenue
London, EC2N 2DL
United Kingdom

Impax Asset Management
Ireland Limited
The Lennox Building
Richmond Street South
Dublin 2, D02 FK02
Ireland

J.P. Morgan Campbell Global
10 South Dearborn Street, Suite 1400
Chicago, IL 60603
United States of America

Legal & General Investment
Management
One Coleman Street
London, EC2R 5AA
United Kingdom

Meridian Health Ventures
75–79 York Road
London, SE1 7NJ
United Kingdom

Ninety One
25 Basinghall Street
London, EC2V 5HA
United Kingdom

Ownership Capital
Herengracht 105–107
1015BE Amsterdam
The Netherlands

Savills Investment Management LLP
33 Margaret Street
London, W1G 0JD
United Kingdom

Schroders Investment Management
1 London Wall Place
London, EC2Y 5AU
United Kingdom

Swiss Life
55 Wells Street
London, W1T 3PT
United Kingdom

TwentyFour Asset Management
8th Floor, The Monument Building
11 Monument Street
London, EC3R 8AF
United Kingdom

The Health Foundation is an independent charitable organisation working to build a healthier UK.

Health is our most precious asset. Good health enables us to live happy, fulfilling lives, fuels our prosperity and helps build a stronger society.

Yet good health remains out of reach for too many people in the UK and services are struggling to provide access to timely, high-quality care. It doesn't have to be like this.

Our mission is to help build a healthier UK by:

- putting health and inequalities at the heart of decision making
- shaping the future of the health and care system to ensure the best care for all
- building new approaches to testing innovation that could transform health and care.

We will achieve this by generating research and analysis, testing practical solutions, bringing people together through convening and partnerships, and developing networks and long-term capability.

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Registered company number: 01714937
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