

Joint CEO Report January 2026

Key Points

1. DoC has proposed to gift the land and buildings plus grant of funds
2. Financial results show continued improvement over budget for income and expenditure.
3. The website project, IPU and other Govt Grant funded projects are on track.

The Congregation of the Daughters of the Cross of Liege

Forty years after turning the vision of a hospice for Merton and Sutton into the reality of St Raphael's Hospice, The Congregation of the Daughters of the Cross of Liege have proposed to complete the independence of the charity with a generous offer to gift the land and buildings as well as two grants of £1.5m each. Sadly, this will also be the point of resignation for the sisters, Sr Kathleen and Sr Veronica, as Trustees of the charity.

1. A gift of the three parcels of land (the hospice area, St Bede's area and 759 area) that are currently leased on peppercorn leases of £100 pa each.
2. A grant of £1.5m to fund the development of land behind 759 to provide warehousing and office space which releases the charity from the rental costs of Capitol House from Spring 2027.
3. A grant of £500k per year for each of three years to support the operating costs of the charity in each of those years.

This offer completes the transfer of undertakings that commenced in October 2020 when the DoC passed the operations of the hospice across to the newly created charity. It also satisfies the additional undertakings of the Letter of Comfort that accompanied that transfer agreement.

The completion of this gift will mark a huge point in the history of the charity as it addresses the challenges ahead with a strengthened foundation but without the comfort of our most involved benefactors.

Govt Capital Grant

Work has been continuing across many fronts on the various capital projects that have been funded by the Govt Capital Grant which is administered by Hospice UK.

Most of the projects have now been completed, paid and claimed, with some invoices still awaited. The last major project from this tranche is the levelling of the front lawns and the installation of resin pathways. Work on this project has commenced and it will be completed on time.

The table below shows the budgeted costs and the amounts already spent and reclaimed.

Project Description	Project Cost Exc.VAT	claimed at 31 December 2025
Female Locker Room	£21,817.66	
Clean Supply/Drug Store	£46,586.96	£46,586.96
Mortuary/Multi Faith Room	£19,074.90	
IPU White Rock (Estimate)	£22,000.00	
IPU Air con - Single units	£28,102.00	£28,102.00
IPU Air con - Electrical Works	£7,280.00	£7,280.00
Teams VOIP - Yealink Handsets	£3,112.00	£3,112.00
Teams VOIP - Headsets		
Additional Front Garden	£3,400.00	
Front Garden	£74,270.00	£5,000.00
Tree Felling for Front Garden Project	£880.00	
Front Garden Safety Mats	£2,298.68	£2,298.68
Website Project (Estimate)	£50,000.00	£37,061.00
Website Copywriter	£1,200.00	
Website photographer	£425.00	
IPU fire doors X11	£26,936.22	
Door Access System	£20,391.65	£20,792.70
IPU Patient Room Doors/Windows	£38,242.50	£37,904.13
IPU Lighting	£1,040.00	£1,040.00
Sluice Room	£4,076.00	£4,076.00
Orangery Hot Water Cylinder	£7,000.00	
759 Air Con	£10,280.00	£10,280.00
759 Air Con - Electrical Works	£1,032.00	£1,032.00
Bariatric Bed unfunded balance	£661.00	£661.82
Syringe Drivers Unfunded Balance	£5,900.00	£5,900.00
Multi-Faith Room Furnishings and Artwork	£5,000.00	
	£400,806.57	£211,127.29

A further £25m of funding was announced by the government and hospices were invited to submit applications to be part of this additional funding which is provided under the same criteria and must be completed by 31st March 2026.

We applied for £200k and have been awarded £137k which suggests that most hospices have joined with this tranche (given that we received £132k from the first £25m in 2024-25).

Additional works will include the creation of our own oxygen supply (SLA with Spire is expired); creation of storage in St Bede's; additional pathways for the garden; parking spaces and air-conditioning for St Bede's.

Finance

Progress has continued with income currently 10% above budget and costs 2% below budget overall leading to a shortfall of £180k which is £700k better than expected at this point.

This operating position is expected to land closer to the budget figure by the end of the year, by which time income should be c.1% above budget and costs remaining 2% below budget. The key reason for this is that legacy and donation income is currently significantly above budget but this is not expected to continue to the year-end. Excluding the impact of the DoC gifts, we anticipate a break-even position at the year-end compared to a budget shortfall of £280k.

The gifts of land and grants from the DoC will impact the presented finances very markedly. As the period relating to the original EVE project ends with this gift, the remaining deferred income balance (arising from the original £3.6m gift) of £1.4m will be written off as donation income on our SOFA and by reducing the liability (hence increasing net assets) on the balance sheet; the pre-existing leasehold improvements (including the £620k of recent grant-funded improvements) will be written off as they will be integral to the gift of the freeholds; those freeholds will be brought into our balance sheet at asset value and shown as a donation on the SOFA. The grant of £1.5m for building work will be restricted income on the SOFA and a restricted fund on the BS. The first of the three £500k gifts will be a donation. All these changes will create a very significant surplus for the year and increase net assets accordingly. This may need careful communications to avoid any misunderstanding over our operating needs and dilemmas.

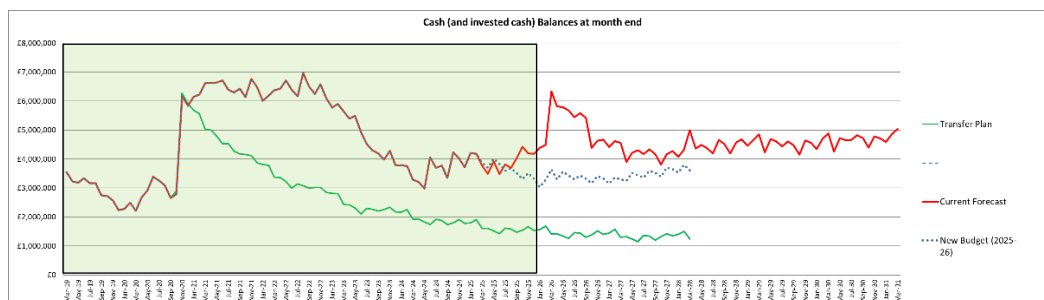
Cash sits above £4m at present (including the Sarasin investment) and will rise above £6m once the DoC building grant and first gift of £500k are received. That will provide increased deposit interest in the coming year as the expenditure on the building will not be immediate. The Finance Committee agreed that the portion of investment with Sarasin that is currently in no-risk cash, can now be released back into moderate-risk portfolio.

Planning for the 2026-27 budget is at a very early stage.

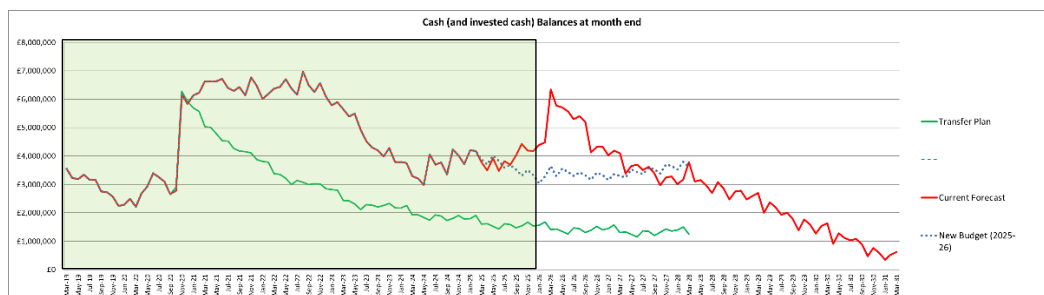
- The Remuneration Committee agreed to recommend a 4% pay increase to the Board for approval today.

- An assumption that NHS income increases by 3.5% is assumed. In the context of the pressures on the sector and the increasing recognition of its fragility **ought** to make this assumption highly conservative. However, the plight of our NHS and the economy more broadly, makes it potentially optimistic.
- We are aware that our activities are extremely stretched. At this point we have not evaluated this sufficiently to add additional resources to the projections to 2026-27.
- Our retail income assumptions are for minimal growth in income from our existing shops. There are many initiatives currently being considered that could boost these results. At this point we continue to assume that we will find two locations in the coming twelve months (opening September 2026 and February 2027). This assumption may need to be reviewed in the light of our not finding any suitable location in the last 24 months.
- We consider that the current year should achieve the target of £1.6m despite the serious disruption to the leadership throughout this period. At present we continue to assume that the income will grow to the next level of £1.9m in 2026-27. This will need to be reviewed in the light of the excellent team that we have and the strong prospects, whilst recognising that the growth may take longer to achieve.
- We have seen some good results from directly contacting our current and former Lottery players. This will help to maintain the existing levels in the face of (lower than expected) leavers. The current forecasts assume that we will recruit to an in-house manager and recruitment team and they will achieve 30 new players per month from mid-summer.

On the basis that our ambitious income projections are achieved, our cash projection looks satisfactory, levelling off at a higher level, once the building grant has been expended (essentially due to the 3 x £500k grants raising the overall level).



However, these projections assume success in our income generation ambitions that have not yet been realised, and may not be. We must also be aware that *maintaining* income at the current levels is not sustainable. The graph below demonstrates the cash trajectory if we do not succeed in delivering meaningful income growth but instead maintain the current year's income from donations, legacies, retail and lottery.



As ever, this picture is sobering.

Perhaps the greatest value of the DoC gift is that of **time**. Arguably we have a further 2-3 years to successfully implement a new vision for this new season. We cannot tarry in this endeavour.

People Services

HR activity during the period focused on strengthening systems, workforce management, and governance. Jobtrain was successfully launched in October, key workforce communications were issued, and HR assumed line management responsibility for the Retail Volunteer Lead and Clinical Admin teams. Progress continued on HR and payroll system options, alongside pay policy review and development of a pay review proposal.

Workforce change was significant, with multiple starters across clinical, retail, fundraising, and corporate services, alongside a number of departures due to resignations, end of contracts, and bank role cessations, including senior and clinical leadership roles. Contractual variations, role changes, and probation outcomes were managed throughout the quarter.

Recruitment activity improved following the introduction of Jobtrain, with a number of priority roles successfully filled, supporting operational continuity. Sickness absence continued to be managed, including a small number of long-term cases, phased returns, and mixed sick pay arrangements.

Employee relations activity remained active, with ongoing grievance and probation-related cases, and management of conduct and attendance concerns across clinical, retail, and support services.

Volunteer services

The volunteer service was stable, productive, and well-engaged, supporting core hospice, retail, and community functions while developing new roles. Volunteer numbers stayed high, with over 500 active volunteers, and administrative capacity was strengthened through continued and new volunteer support.

Hospice-based volunteering continued to operate effectively across clinical, wellbeing, and support services, with successful student counsellor recruitment and expanded therapy volunteer roles. Retail volunteering remained strong, with good retention and increased volunteer hours compared to 2024.

Volunteer engagement and recognition have continued to be a priority, supported by strong attendance at recognition events and positive feedback. External validation continued, including progress toward Investing in Volunteers accreditation, awards recognition, and volunteer survey results exceeding national hospice benchmarks.

Support Teams

An interim lead role has been established within the Communications team, supported by short-term consultancy to ensure continuity and strategic oversight. Additional capacity is being created through backfilling an existing role and appointing a part-time in-house graphic designer, replacing outsourced provision on a cost-neutral basis and improving efficiency.

Fundraising and Supporter Care activity continues to progress positively, with joint planning scheduled to identify opportunities to increase visibility and income. Volunteer recruitment remains a challenge, particularly for events, and work is underway to develop new volunteer roles and strengthen cross-

departmental support. Overall, teams remain focused on income growth, with organisational changes aimed at addressing capacity constraints and improving delivery.

The current retail strategy has reached its limits. While the year is expected to close on or slightly above budget, growth is constrained, costs have already been stripped back, and the service is operating at full capacity with limited resilience. Sector-wide pressures continue to impact margins, and the current model leaves little headroom for innovation or sustained improvement.

Future retail growth will require a strategic shift toward targeted investment in capacity, leadership, and infrastructure, supported by external expertise to develop a new, costed retail strategy. Without change, performance is likely to plateau; with investment, there is a clear opportunity to build resilience, grow income, and protect staff and volunteer wellbeing.

IT projects progressed with the Capitol House phone system migrated to Microsoft Teams, charity shop PC rollout ongoing, and the new hospice website in final testing for a March 2026 launch. An email retention policy will be introduced from April 2026. Facilities and Catering improvements, funded through NHS capital and additional government funding, include IPU refurbishments, new air conditioning, fire doors, bedroom windows and doors, locker upgrades, and a multi-faith quiet space, with the front garden redevelopment underway. Catering shift patterns have been revised to improve cover. Additional funding of £137,893 will be allocated to infrastructure, safety, storage, and accessibility projects.

Clinical services

Clinical services were stable despite staffing changes across several teams. Psychological Support and Social Work managed leadership and capacity pressures while maintaining core delivery, responding to increasing social complexity and poverty, and strengthening MDT working, governance, and supervision arrangements.

Wellbeing and Complementary Therapy services delivered all planned activity with strong engagement, expanded volunteer training, progressed service development projects, and strengthened their external profile through community partnerships, awards, and national publication.

The Inpatient Unit remained largely at full capacity while completing a number of environmental improvements. Staffing stayed within establishment, agency use reduced, efficiency improved through new shift patterns, and a change in clinical leadership has been successfully managed. Community Palliative Care activity increased significantly, with referrals up over 20% year-on-year. Workforce development and recruitment supported continuity, a high proportion of staff are now non-medical prescribers, and service efficiencies improved admissions, governance, prescribing, and MDT processes.

Education delivery was extensive across internal and external settings, with plans in place to improve care home engagement and a new ICB-funded Clinical Digital Educator role due to commence. Medical staffing and on-call arrangements remained robust, with further consultant capacity planned for 2026. Research activity continued, including completion of recruitment to a national end-of-life hydration study and participation in professional research surveys.

SWL ICB

In this quarter we, along with the other three SWL hospices, have contracted to pilot a project to provide 2 beds set aside for continuing healthcare (CHC) fast track (FT) patients. This pilot aims to test the concept that there is a cohort of complex CHC FT patients in South West London who could be better cared for by hospices instead of privately provided placements, providing wider diversity of settings and skills within the market. This project has a £48k value for the period 12th January to 31st March 2026.

As noted above, we have employed a Clinical Digital Educator for Care Homes in SW London on a twelve-month contract. This is a funded role with a £75k contact value.

We received notification of an urgent request to all ICBs in England from NHSE to share details (with NHSE) of any hospice which may be considering reducing clinical activities, closing services or who are at risk of closure in the next twelve months. St Raphael's provided SWL ICB with a short and sobering analysis based upon the assumption that our income remains at the *current* levels (ie we do not assume success in our endeavours to *increase* this income). Whilst noting that we are not currently planning to reduce service in the next 12 months, failure to raise more income in 24 months would change that complexion and we gave examples of how many roles might be affected should that circumstance transpire. The NHSE missive noted that ICBs have a 'statutory duty to commission palliative care and end of life care services in response to the needs of their population' and went on to say:

'Hospices play a vital role in the delivery of high-quality, compassionate palliative care and end of life care, yet many face increasingly significant financial pressures, impacting service delivery, patients and families. We are concerned that there is not full oversight on the impact of these pressures on services and patients.'

Whilst this may not yield any additional funds, it does indicate an increasing awareness of the risks to the sector at present and an acknowledgement of our importance in delivering a service that is essential.

Nick Stevens and Becca Trower, Joint CEOs 23rd January 2026