

**St Raphael's Hospice**  
**Meeting of the Finance & Resources Committee**  
**To be held at St Raphael's Hospice**  
**At 14:00 on Tuesday 17<sup>th</sup> October 2023**

Members: Joe Ryan (JR - Chair)  
 Alan Cogbill (AC)  
 Ed Cook (EC)  
 Paul Holmes (PH)  
 Sr Kathleen O'Reilly (KO'R)

In attendance: Nick Stevens (CEO – NS)  
 John Groom (Director of IT & Facilities – JG)  
 Siobhan Holmes (Director, haysmcintyre – SH)  
 Neena Vadgama (Head of Finance – NV)  
 Anna Machin (Governance – AM)

Item	Time	Description	Purpose	Lead
1.	14.00 – 14.05	Welcomes, apologies for absence and declarations of interest	Discussion	Chair
2.	14.05-14.15	Review of minutes from 11 <sup>th</sup> July 2023 Committee meeting	Approval	Chair
3.		Actions List and update on matters arising	Discussion	
4.	14.15-14.35	2022/23 external auditors' report	Discussion	NS, NV
5.	14.35-15.00	2022/23 St Raphael's Annual Report & Accounts & letter of representation inc. update on accounting treatment for legacies – for recommendation to Board	Discussion	NS, NV
6.	15.00-15.30	2023/24 Year-to-date Finance Report including: <ul style="list-style-type: none"> <li>• Management accounts to end of September – detailed &amp; summary</li> <li>• Balance sheet &amp; cash movements</li> <li>• Ratification of Hospice site valuation</li> <li>• Update on investments – market report</li> <li>• Legacy information</li> </ul>	Discussion	NS, NV
7.	15.30-15.45	IT & Estates report	Discussion	JG
8.	15.45-15.55	Finance and IT & Estates risk register	Discussion	NS, NV, JG
9.	15.55-16.00	Any Other Business & Date of next meeting	Discussion	Chair

**Dates of future meetings: 2024 TBC**

**St Raphael's Hospice**  
**Minutes of a Meeting of the Finance & Resources Committee**  
**Held at St Raphael's, London Road, Cheam, Sutton, SM3 9DX**  
**At 14:00 on Tuesday 11<sup>th</sup> July 2023**

Members: Joe Ryan (JR – Chair)  
 Alan Cogbill (AC – Trustee)  
 Ed Cook (EC – Co-opted Committee member and Board Advisor)  
 Paul Holmes (PH – Trustee)  
 Sr Kathleen O'Reilly (KO'R – Trustee)

In attendance: Nick Stevens (CEO – NS)  
 John Groom (Director of IT & Estates – JG)  
 Alex Rudkin (Director of Quality and Governance – AR)  
 Neena Vadgama (Head of Finance – NV)  
 Anna Machin (Governance – AM)

**Actions arising**

<b>Agenda item</b>	<b>Action</b>	<b>Responsible</b>	<b>Timeline</b>	<b>Ref.</b>
3. Finance report	Report on split of reserves available in cash vs investments	Nick Stevens, Neena Vadgama	October meeting onwards	11.07.23/01

*The meeting commenced at 2pm*

**1. Welcome, apologies for absence and declarations of interest**

The Chair welcomed Committee members and colleagues to the meeting. There were no apologies received.

**2. Review of minutes from 25<sup>th</sup> April 2023 Committee meeting & matters arising**

The minutes of the previous meeting were reviewed and approved as an accurate record of proceedings. The Committee received an update on actions arising:

- Share volunteer numbers with the Committee – this was included in the report.
- Share report on Sarasin investment trends with the Committee – this had been completed.
- Add Committee members to St Raphael's e-newsletter – Board members would be invited to share consent shortly and be added by the end of the month.
- Share KPI report with Committee – this paper was tabled for review.
- Take forward Financial Scheme of Delegation to Board for approval – this had been completed.

In relation to key themes within the report, the risk register and update on legacies was included in this meeting agenda for discussion. The Appeals and Community & Youth fundraising postholders had already started in post, with Corporate and Philanthropy leads due to start soon.

Joe Ryan updated on attendance at a recent seminar held by Sarasin, which showed the depth of knowledge held by the firm, and that portfolios are expected to improve in performance from summer onwards after the challenging financial climate experienced over the past year.

### **3. Finance Report**

#### **3.1. 2023/24 year-to-date report – Neena Vadgama presented key points from the Finance Report:**

- The figures to 31<sup>st</sup> May are included in the report, showing a total shortfall of £450k compared to a budget of £401k.
- The Hospice is not expecting a significant increase in NHS funding this year, which is challenging given inflationary pressures, and so a meeting between the CCG and local Hospice leaders is being held on 19<sup>th</sup> July.
- The lower value of investments is reflected in the report, although these are held with a longer-term perspective on potential returns in mind.
- Direct cost of services is sitting at £12k lower than budget, although agency nurses are being used as required. The Agenda for Change pay levels came through in June and will be reflected into staff costs going forwards.
- There have been two relatively significant legacies confirmed in the past fortnight, which will be part of the 2023/24 total and will not affect the 2022/23 year-end position.
- In terms of Donations income, £313k has been received for the first quarter to the end of June, which is ahead of budget and 22% in advance of last year. The Lavender Appeal performed well, with Light up a Life due in December and one further appeal to be run. With the Fundraising team expanding currently, this gives confidence on reaching the full-year goal of £1.25m.

Alan Cogbill updated on the discussion at Income Generation & Communications Committee. For team recruitment, the Committee were supportive of still recruiting to the Legacies role even if this is on pause for now, to build visibility around this important income stream, with training for staff planned in the meantime. The responses to the stakeholder survey has been high, giving a strong basis for analysis. The Lottery firm are performing well, with training showing through in the fact that only one complaint has been received and targets being exceeded.

The Committee noted the quantum of changes to pay in the Agenda for Change, which is higher than the 5% budgeted and will therefore impact on longer-term income projections for expenditure.

The Committee focused on the areas of income generation requiring improvement, asking about action being taken on Community and Corporate giving. Nick Stevens confirmed that both these areas will have new staff leads, which will focus on outreach to local schools and businesses. It is positive in the meantime that the Hospice's largest corporate donor has committed to giving, despite indicating that it would cease after its tenth year. The Trusts role will be handed over from the current part-time consultant in August. For In Memory given, now funerals and IPU care visitors are more present in person, alongside development of the bereavement journey and full IPU staffing for 10 beds, this is expected to continue increasing.

In relation to themes from the previous report from Ruth Sorby (Fundraising Consultant), relationships between the Supporter Care and Donor Development team are improving, and the move to host the team on-site has been positive with a good dynamic emerging with new recruits.

The backdated Capitol House rent payment was noted by the Committee with some concern, and with assurance given on the process to monitor this going forwards.

The Committee noted some signs of improvement in fundraising and income generation activity, including in performance of most shops, but noted the importance of keeping momentum to move beyond pre-pandemic income and show growth in future years.

- 3.2. Balance sheet and cash movements** – Nick Stevens confirmed that cashflow is monitored closely including the use of deposit accounts. The longer-term projections are included in meeting papers, and the optimal level at which reserves would settle may be subject to further discussion with the Daughters of the Cross. The next 12-18 months will be vital to monitor trends and the level of growth in income. The Fundraising Committee also maintain this focus including on return on investment (ROI) from activity and setting KPIs.

In relation to CCG income, the Income Generation & Communications Committee had raised the matter of governance oversight of this area, which would be brought to the Board for discussion. There is a 'plan B' in place in terms of financial planning, should the funds from the NHS not rise in line with inflation and the extent of service need to be reviewed.

The Committee were supportive of this approach to scenario planning, and requested that future reports should include a note on the split of reserves available in cash vs investments.

The Committee were asked to note that the 12-month £1.5m deposit with NatWest may need to be accessed before the term completes in December, depending on the extent of legacy income within coming months. This will be monitored closely and the Hospice may need to draw down within 2-3 months to support prudent cash management if no other income is received.

- 3.3. External audit update** – Joe Ryan updated on the one-to-one planning call with the external audit manager, through which the timetable had been shared and a high-level discussion on the Hospice's financial position held. They had asked for assurance on any instances of fraud known by the Committee, and Joe Ryan and Nick Stevens confirmed that there was no known instance to report, with controls in place to identify financial mismanagement. The auditors remain cognisant of the structural deficit, addressed by the strong level of reserves, which means that overall they understand the Hospice's position as a going concern.
- 3.4. KPI report** – Committee members reviewed the report, noting the increased volunteer numbers, and increased engagement with communications activities. Staff recruitment in fundraising is a key priority.

#### **4. IT & Estates update**

Nick Stevens updated on a positive meeting held with the Operations Director at Spires hospital, which could help inform a stronger partnership for potential income generation and volunteer recruitment. This is encouraging as they would only wish to associate with an organisation demonstrating high standards of clinical excellence.

John Groom presented key points from the report, with the team's efforts focused on progression of the EMIS transition and access to GP systems upcoming, recruitment to two IT technician posts, and the bariatric suite almost complete ahead of schedule.

Nick Stevens thanked the team involved in EMIS and the office move to bring fundraising on-site, and the positive attitude of all involved.

#### **5. Annual review of pensions (verbal update)**

Nick Stevens provided a verbal update on arrangements whereby prior NHS staff have the option to retain their NHS pension which is a growing number of staff. All new roles are budgeted on the assumption of this being in place, to be prudent as the 14.3% pension contribution is much higher than for other staff on the Hospice scheme at 3%.

The Hospice received a bill of £55k for a leaver, but the Hospice’s calculations indicate that this amount is not due. The timeline for dispensation of one further potential payment would be reviewed. There are no further changes to pension arrangements expected.

**6. Annual non-clinical corporate governance update**

Alex Rudkin presented the report, which covers activity across data protection, insurance, compliance, the policies framework, and health and safety – in line with the Committee’s Terms of Reference. The annual self-assessment process has been undertaken on NHS Digital to give assurance that the Hospice has suitable coverage for information governance.

Cyber security risks are managed carefully, with time and attention spent by the team to mitigate potential risks. Health and safety strong oversight with coverage of audits held both on-site at the Hospice and in the Retail portfolio. There is clear reporting of incidents, and good processes in place to respond to complaints. The Committee thanked Alex Rudkin for the report.

**7. Departmental risk register**

The Committee noted that new format with pre- and post-control scores, and that further information would be added on contextualisation of risks. All risk registers would be shared with the Board at the upcoming meeting.

**8. Any Other Business and Dates of future meetings**

The Committee closed the meeting with a minute’s silence in memory of Mike Roycroft, the former CEO of the Hospice.

There were no further items raised under Any Other Business. The next meeting will be held at 2pm on Tuesday 17<sup>th</sup> October 2-4pm.

*The meeting ended at 4.00pm.*

Approved.....

Date.....

haysmacintyre

# St Raphael's Hospice Audit Findings Report

**For the Year Ended 31 March 2023**

Audit Principal: Siobhan Holmes; [sholmes@haysmacintyre.com](mailto:sholmes@haysmacintyre.com)

Manager: Phillippa Kilmartin; [pkilmartin@haysmacintyre.com](mailto:pkilmartin@haysmacintyre.com)



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## **1. INTRODUCTION AND EXECUTIVE SUMMARY**

This report summarises our key findings in connection with the audit of the financial statements of St Raphael's Hospice for the year ended 31 March 2023.

We would like to thank Nick Stevens and Neena Vadgama for their help during the audit.

### **Our audit approach**

Our work was planned and performed in order to issue an audit opinion on the financial statements in accordance with International Standards on Auditing (UK) ("ISAs") and the terms of our letter of engagement. Our audit approach is a risk-based approach founded on us gaining a thorough understanding of the entity and its business in order to allow us to identify the risks of material misstatement within the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the entity operates. We then use this assessment to develop an effective and efficient approach to the audit.

### **Limitations**

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and the controls thereon.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

**Overall conclusion and opinion** At the time of issuing this report we anticipate issuing an unqualified opinion on the financial statements, subject to receipt of the following outstanding information:

- Follow up on accrued income not yet received up to signing date
- Conclusion of our going concern work and follow up on this to signing
- Follow up on subsequent events, capital commitments and contingent liabilities to signing
- Receipt of signed copy of letter of representation

## 2. SIGNIFICANT AUDIT RISKS, AND OTHER FOCUS AREAS IDENTIFIED DURING AUDIT PLANNING

We set out below the significant audit risks and where applicable, other key areas of focus for our audit identified at the planning stage and the conclusions of our audit work:

Significant Audit risk/focus area	How we addressed this	Commentary
<p><b>Presumed risk in revenue recognition</b></p> <p>The risk of incorrect treatment of income under FRS 102.</p> <p>In particular, the risk that income from legacies, fundraising income and donations is incomplete or recognised in the incorrect period.</p> <p>Additionally, the risk that lottery income is incomplete or has been recognised in the incorrect period.</p>	<p>We have undertaken the following procedures to verify the appropriateness of revenue recognition:</p> <ul style="list-style-type: none"> <li>• We planned and performed specific tests to ensure income has been recorded in the correct period and tested a sample of transactions around the year-end.</li> <li>• We also reviewed and documented the controls and processes in place around each of these income streams.</li> <li>• Our review also included an assessment of the appropriateness of the recognition of accrued income (focusing on legacy accrued income) and deferred income (specifically focusing on the significant levels of deferred income relating to the cash grant from the Daughters of the Cross of Liege (Doc)).</li> </ul>	<p>Our audit work on revenue did not identify any material issues.</p>
<p><b>Presumed risk of management override</b></p> <p>We are required to consider and respond to the risks arising from management override of controls.</p> <p>The risk of misappropriation of assets and the risks of misrepresentation of financial information.</p>	<p>We reviewed the accounting estimates and judgements and considered their reasonableness.</p> <p>We have analysed the journals made in the year and determined the risk criteria for identifying higher risk journals. Subsequently significant, unusual or unexpected journal postings have been investigated and verified.</p>	<p>Planned audit work considered to be satisfactory in this area. We have not identified any evidence of material management override.</p>

### 3. ACCOUNTING AND AUDIT MATTERS

#### 3.1 Qualitative aspects of accounting practices and financial reporting

##### *i. Key accounting estimates*

Accounting estimates are defined by ISA 540 as monetary amounts for which the measurement, in accordance with the requirements of UK GAAP, is subject to estimation uncertainty. We set out our comments on the key accounting estimates relevant to the current year below

Significant accounting estimate & detail	Commentary
<p><b><i>Accrued Income</i></b></p> <p>Legacy income is a significant source of income for the Charity, with a large proportion of accrued income at the yearend being legacies receivable.</p> <p>FRS102 requires income to be recognized when the entity is entitled to the amount, the income is probable, and the amount of income can be reasonably estimated.</p>	<p>We have reviewed the listing of accrued income and obtained supporting documentation for a sample of items. For each item, we have considered whether amounts have been recognized appropriately.</p> <p>We have additionally reviewed a sample of transactions and grants received around the year end and considered whether amounts have been recognised in the correct period.</p> <p>For accounting purposes, income should be recognised when there is evidence of entitlement, when the amount of income is measurable, and the receipt of that income is probable. Specifically in relation to grant income, there can often be specific terms or conditions within a grant agreement that determine the point at which the Charity are entitled to the income.</p> <p>It was noted that a significant level of legacies were received post year end where probate was granted pre-year end. An adjustment of £356,126 was made to this years accounts to recognise such items.</p>

Significant accounting estimate & detail	Commentary
<p><b><i>Deferred income</i></b></p> <p>The Charity have significant amounts of deferred income, the largest factor being the deferred element of the cash grant from the Daughters of the Cross of Liège (DoC).</p> <p>FRS 102 presentation requirements dictate that income and expenditure must be recorded in the period in which it relates.</p>	<p>Deferred income is based on amounts that have been received by the Charity in the year but relate to a future period.</p> <p>We have traced a sample of income receipts to supporting documentation in the year and have confirmed that amounts have been included within the correct period. We have additionally reviewed receipts close to the year end to ensure they have been correctly recognised.</p> <p>We have specifically reviewed the agreement between the Charity and DoC for a cash grant of £3.6m in October 2020. The purpose of this grant is to offset forecast losses over the 5 year period of the original Business Plan, prepared on the establishment of St Raphael’s Hospice as a separate entity.</p> <p>The total amount of this grant recognised as deferred income for the year to 31 March 2023 is £1.9m. £1m of this is recognised as due within 1 year and the remaining £0.9m is recognised as due later than one year.</p> <p>No issues were found in our work around deferred income for the year ended 31 March 2023.</p>

## 3.2 Accounting and audit matters

### *i. Legacy recognition*

We were provided with a list of legacies received post year end and noted that the majority had probate granted pre year end.

The SORP requires that 'Where a payment is received from an estate or is notified as receivable by the executors after the reporting date and before the accounts are authorised for issue but it is clear that the payment had been agreed by the executors prior to the end of the reporting period, then it should be treated as an adjusting event and accrued as income if receipt is probable'.

In order to meet the probability criteria for recognition of these amounts, a legacy receipt becomes probable when the grant of probate has been granted. An adjustment is being made in the 22/23 accounts to bring in those legacies received post year end where probate was granted pre-year end.

Management have updated us on their process going forwards – The Supporter care team will maintain a pipeline using Smee & Ford data on a monthly basis and include anything they receive unexpectedly or information that arises direct from solicitors. Legacies will be accrued into the management accounts if probate has been granted and hence there has been a valuation and where the will indicates St Raphael's share. This will enable St Raphael's to include sums at an earlier point in the process and also enable a proactive monitoring of solicitors progress towards realising the gifts as cash.

### *ii. Reliance on individual team members*

As reported last year, the Hospice is reliant on the work provided by Neena Vadgama for the management accounting records and similarly for all transaction processing. This presents an inherent risk in the substantial reliance placed on one individual, namely if they were to leave this role in the organisation. The Hospice does have processes in place to cover Finance if Neena is not present, namely involvement of CEO Nick Stevens, however this may not be feasible moving forward. From our review of the Board minutes, we understand that the Trustees continue to regularly review the management accounts and overall review of the Charity's financial processes. We have also reviewed the systems and controls for the Hospice, with no significant areas highlighted.

### *iii. Shop visits*

As part of the audit fieldwork, we conducted visits to three shops – Wimbledon Park, Raynes Park, New Malden. We do not have any significant findings to report in terms of compliance with the procedures in place. A few minor points were noted as recorded in section 5 below.

***iv. Summary of adjusted and unadjusted misstatements – Materiality £78,000, Tolerable error £58,500, Clearly trivial £3,900***

***Adjusted***

- Legacies received post year end where probate had been granted pre year end of £356,126 have been accrued into the 22/23 accounts.

***Unadjusted***

- We noted a difference between the loss on investments noted in the financial statements and the loss per the investment report of £17k. The difference noted is immaterial and therefore has not been adjusted for.
- Gift in Kind value relating to the land and buildings occupied by St Raphael's Hospice which are owned by The Congregation of the Daughters of the Cross of Liege and are leased to the charity at a peppercorn rental. The value of the gift in kind has been historically held at £270k. This year management has assessed the value that they feel to be appropriate for this Gift in Kind to be £302k and have chosen to not adjust for this in the financial statements as the difference is not material.
- Included within Accrued income at year end is an amount of £108k relating to a legacy which has not yet been received. Management have provided us with the most recent correspondence from the solicitors who have confirmed that St Raphael's share of the estate will be in the region of £118,000-£120,000. This difference is immaterial and therefore has not been adjusted for.

***v. Letter of representation***

International Standards on Auditing require us to obtain written representations from the directors when you approve the financial statements.

The letter contains only standard matters with no additional items specific to St Raphael's Hospice.

**vi. Data Analytics**

In addition to our usual audit tests, we have used our data analytics software to interrogate transactions making up the financial statements. We extracted the full transactional listing from your accounting system. By then reconciling on a line-by-line basis the aggregate impact of the transactions made during the period we were able to confirm the completeness of the population. We then used characteristic based data analytics and a multi dimension risk scoring logic which analysed every transaction in the population against a set of potential risk identifiers, highlighting the transactions we deemed to pose a heightened risk of fraud, error or misstatement.

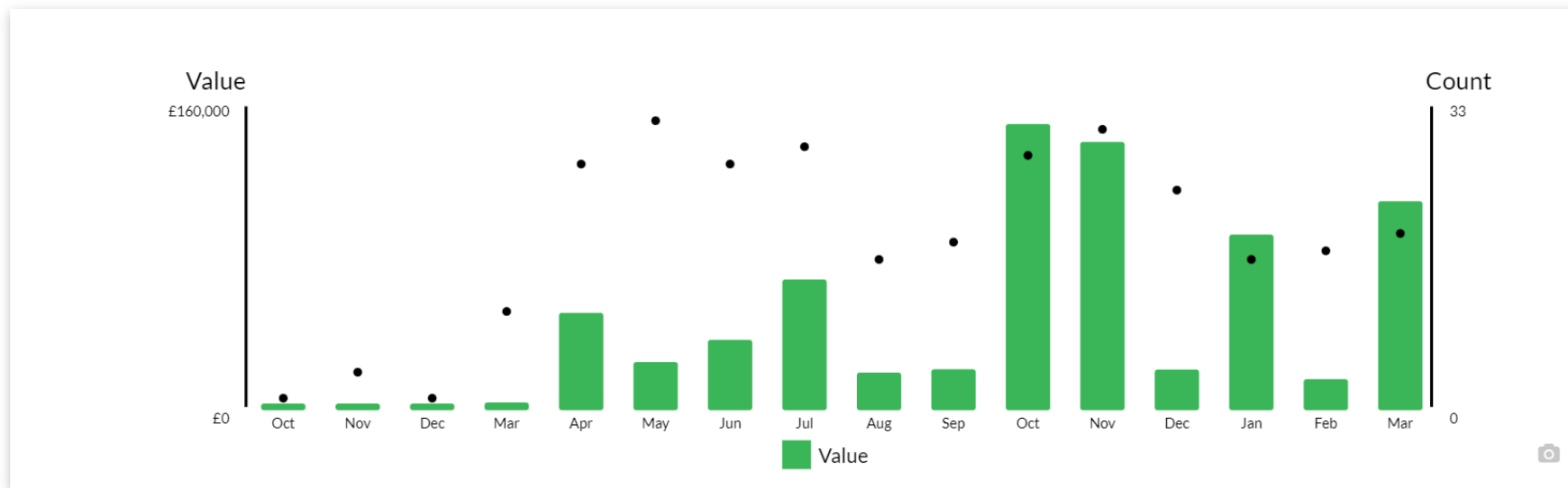
We performed the following additional audit tests on the accounting entries posted to the accounting system during the year:

**TEST: Keywords – review of transactions where the description fields or general ledger accounts contain keywords**

**Risk:** Transactions where the description field contains keywords such as “adjustment”, “correction” and “gifts” may be indicative of risk characteristics such as error, correction or potential fraud.

**Findings:** We noted 2347 transactions in the period that contained key words (6% of all transactions). We reviewed these transactions, which were made throughout the year and noted that the majority related to corrections of postings; for example reallocations between ledger codes and timing

Effective Period Visualisation



corrections to move postings to a different period in the year. The volume of transactions is relatively low. We recommend that the finance department review correcting entries posted by individuals to identify potential training requirements.

**Conclusion:** The volume and value of the transactions are relatively low.

**TEST: Blank description fields – review of journal entries for transactions with a blank description field**

**Risk:** Entries with no description can cause challenges for management in tracing the rationale for particular postings or identifying erroneous transactions.

**Findings:** We were pleased to note that there were no transaction entries in the year with a blank description.

**TEST: Closing entry – review of transactions posted in the last 14 calendar days of the year**

**Risk:** Transactions entered near the period close may be more susceptible to error due to pressures on financial reporting

**Findings:** A total of 5,648 transactions have been posted to the accounting system during the year. Of these, 274 (5%) were entered in the last 14 days of the reporting period. A slight increase above average in the volume of transactions posted in this period before the financial year end is not unusual. We have reviewed the listing of these transactions and have not identified any single transactions that appear to be of heightened risk.

**TEST: Suspense accounts – review of transactions posted to a suspense account in the year**

**Risk:** The existence of suspense accounts can be indicative of accounting processes or systems being incomplete in their design or finance staff bypassing designed controls. Using suspense accounts causes inefficiencies and reduces the traceability of transactions.

**Findings:** We were pleased to note that there were no transaction entries in the year to a suspense account.

**vii. ISA(UK) 315 Revised identifying and assessing the risks of material misstatement**

The International Audit and Assurance Standards Board (IAASB) approved a significant re-write of the standard in September 2019 which came into effect for your year ended 31 March 2023. The effects of the revisions are far-reaching and will require a revised approach to risk assessments. It required a more detailed and evidence-based assessments in which five new inherent risk factors are considered and placed on a "Spectrum of Risk" at the higher end of which lie Significant Risks. For St Raphael's Hospice, the significant risks include fraud in revenue recognition and management override.

The new inherent risk factors we have applied to the planning and execution of the audit of St Raphael's Hospice include:

- Subjectivity
- Complexity
- Uncertainty
- Change; and
- Susceptibility to misstatement due to bias or fraud.

The standard requires increased documentation and consideration of what "Sufficient and appropriate" evidence must be obtained from risk assessment procedures as the basis for the risk assessment. The revised ISA's application notes provide more explanatory material on controls relevant to the audit and on the design and implementation required for these controls. A great deal more is required in respect of IT and particularly IT general controls which have also been reviewed as part of the audit planning and fieldwork for the year ended 31 March 2023.

We noted no new control weaknesses and no new significant risk areas from our review of your IT general controls. We were able to obtain sufficient and appropriate evidence to appropriately consider and conclude on the spectrum of risk required to meet the revised accounting standard.

#### 4. DETAILED CONTROL POINTS

During the course of our audit we identified the following detailed control points that we feel need to be brought to the attention of the Directors and certain recommendations for improvements and or corrective action. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation. The matters and detailed control points that we have identified are graded within the following framework to assist the Directors assess their impact.

Rating	Rating type	Characteristics of rating type
<b>Significant</b>	These findings are considered to be significant to the management of risk in the business. The finding represents a serious weakness in systems and controls currently in place or a potentially fundamental control that has been omitted from the risk management systems as currently in operation.	<ul style="list-style-type: none"> <li>• Key control omitted</li> <li>• Key control not designed or operating effectively, for example as indicated by multiple exceptions found during our review work</li> <li>• Evidence of override of controls in place with significant or potentially fraudulent outcomes</li> <li>• Non-compliance with laws and regulations</li> </ul>
<b>Important</b>	Important findings that should be reviewed by management, pending corrective action and or updates to systems and controls.	<ul style="list-style-type: none"> <li>• Errors and exceptions noted during our testing that had corrected retrospectively during the year by management.</li> <li>• Potential improvement to existing control noted</li> <li>• Possibility for override of controls exists</li> <li>• Our review noted numerous exceptions but not in key controls</li> </ul>
<b>Limited</b>	Findings that identify non-compliance with established systems and controls.	<ul style="list-style-type: none"> <li>• Minor control weakness, for example limited exceptions noted during our review work</li> </ul>
<b>Advisory</b>	Items requiring no immediate action but which may be of interest to management or best practice advice.	<ul style="list-style-type: none"> <li>• Information for department management</li> <li>• Control operating but scope for efficiency and/or effectiveness improvements exist</li> <li>• Control operating but not necessarily in accordance with best practice</li> <li>• Recent or anticipated developments may necessitate new controls.</li> </ul>

We wish to bring the following matters to your attention which arise from the current year audit as well as the latest status of outstanding issues arising from previous year audits:

**Current year**

Issue:	Details of suppliers not maintained		Control point rating:	Advisory
Risk	Our comments & proposals		Management response	
During our testing, we noted that no supplier email addresses are maintained, only addresses and telephone numbers.	We recommend keeping email addresses for all suppliers in a move to try and become less paper based as a charity in general into the future. This will enable a more flexible and efficient way of operating.		The CEO has asked a volunteer to work with the Finance department to obtain supplier email addresses for the database.	

Issue:	Lack of correspondence of accrued legacy		Control point rating:	Important
Risk	Our comments & proposals		Management response	
From our review of accrued income it was noted that for one legacy, the latest correspondence with solicitors was in 2021.  There is a risk that the legacy is not recoverable, as no updates have been given on when the amount will be received.	We recommend that management continue to contact solicitors with regards to the estate to ensure the amount is still expected to be paid.		A new process is being put in place to use Smee & Ford and Government probate websites to populate a legacy pipeline and take a pro-active approach with Solicitors. The work will sit with a supporter care team.	

Issue:	No estate value given for a legacy		Control point rating:	Limited
Risk	Our comments & proposals		Management response	
Per legacy testing, one person from the sample had no estate value given in their supporting documentation.  There is a risk that the legacy value will be mis recorded without an expected value given.	We recommend that management maintain contact with solicitors of expected legacies to obtain an estate value. This will enable the accrued income to be better estimated.		All legacies now have values except one.	

Issue:	<b>Fixed Asset computers not identifiable</b>		Control point rating:	<b>Limited</b>
Risk	Our comments & proposals	Management response		
<p>Per our fixed asset testing, it was not possible to select a particular computer from the listing to physically verify as they are not sorted by product codes.</p> <p>There is a risk that the computers may be wrongly depreciated and valued.</p>	<p>We recommend that management record IT equipment on the fixed asset register with a unique identification.</p>	<p>An asset register is kept listing all computer equipment. The register does not include the invoice for each item as they are rarely purchased individually. Management believe the controls over the items to be robust and do not perceive a material risk as a result of not linking the register back to the accounts.</p>		

We identified the following issues in the prior year audit and made the following recommendations. We have followed up the status of the issue in the current year:

**Prior year**

Issue:	Employee contracts	Control point rating:	Resolved
Risk	Our comments & proposals	Current year update:	
<p>During our testing we noted that we were unable to obtain a signed employee contract for one employee in our sample.</p> <p>There is a risk of dispute over employment terms in the absence of a supporting signed agreement.</p>	<p>We note that the contract in question has been archived and a soft copy due to be scanned in and saved.</p> <p>We recommend that copies of signed employment contracts are kept for all employees.</p>	<p>All contracts sampled had been signed by both parties , this point therefore is considered to be resolved.</p>	

The following points were noted as part of shop visits as noted per Section 4(ii):

Issue:	Lack of Store Alarms (Both shops)	Control point grade:	Advisory
Risk	Our comments & proposals	Current year update:	
<p>We noted on both shop visits that there was no store alarm installed.</p> <p>There is a risk that access could be gained by unauthorised individuals without the Charity being alerted.</p>	<p>We recommend that management consider installing a store alarm in all shops.</p>	<p>We noted that during this year’s shop visits that there were no store alarms.</p> <p><u>Managements response:</u></p> <p>The cost of installing and maintaining an alarm is felt to outweigh the risk of somebody breaking and entering, given the nature of the items that are for sale being second hand and relatively low value as well as the fact that significant cash is not held on site at any time. CCTV is also maintained in all stores.</p>	

Issue:	Till passwords (both shops)	Control point grade:	Advisory
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Risk	Our comments & proposals	Current year update:
<p>We noted that till passwords are not changed during a staff member or volunteer's time at the shop. They are only deactivated once the individual is no longer involved with the shop.</p> <p>Though we note that staff are encouraged not to share their passwords, there is a risk that this does take place and therefore are able to access the tills through more than once password, increasing the risk of fraud and misappropriation of assets.</p>	<p>We recommend that till passwords for all staff and volunteers are changed on a regular cycle. For example, on a 3 month basis.</p>	<p>We noted that during this year's shop visit that passcodes are only changed in the event of a breach.</p> <p><u>Management response:</u></p> <p>Many of the volunteers and staff in retail are less computer savvy and management feel there is more risk to the organisation if they were to enforce frequent password changes.</p>

Issue:	Register of training (both shops)	Control point grade:	Resolved
Risk	Our comments & proposals	Current year update:	
<p>We note that no register of training is maintained for volunteers or staff.</p> <p>There is a risk that staff/volunteers do not have the appropriate training to fulfil their role suitably, and are not up-to-date with the latest policies and procedures for the Hospice shops.</p>	<p>We recognised that this has been particular difficult in the last couple of years due to the impact of Covid-19.</p> <p>However we recommend that a register of training for all staff and volunteers is maintained and updated accordingly.</p>	<p>Noted that there is a register of training maintained from this year's shop visits.</p>	

Issue:	Lack of CCTV (Donation Centre only)	Control point grade:	Resolved
Risk	Our comments & proposals	Current year update:	
<p>We note that there is no CCTV in place at the donation centre.</p> <p>There is a risk that the shop is subject to damage or theft, or that access could be gained by unauthorised individuals without the Charity being alerted.</p>	<p>We recommend that CCTV is installed in the Donation Centre.</p>	<p>Noted that CCTV is installed at all three shop locations this year.</p>	

## 5. EMERGING ISSUES

### Charity reporting and governance matters

#### Charities Act 2022

The Charities Act 2022 (the Act) makes amendments to the Charities Act 2011 (the 2011 Act) in a number of specific areas, largely in response to the recent Law Commission review of charity legislation and with the overarching objective of making life simpler for charity trustees, as well as harmonising certain procedures, such as making amendments to a charity's objects, across the various different corporate structures within which charities operate. The key changes are set out below and will be brought into effect via secondary legislation in due course.

- 1) **Permanent Endowment** – the 2022 Act will simultaneously increase the capital threshold to £25k and remove the income threshold. The expectation is that this will widen Trustees' ability to expend capital by resolution alone where they consider this to be necessary to carry out the purpose of permanent endowment funds more effectively. However, it will mean that larger funds with income below the £1k threshold will require consent where previously they did not.
- 2) **Borrowing from permanent endowment.** The Government has accepted that charities should have a power to borrow from the charity's permanent endowment. The power will allow the charity to borrow up to 25% of the permanent endowment, with Commission approval, subject to a requirement that they recoup the expenditure within 20 years. This power is intended for 'investment' permanent endowment and it is not intended for functional permanent endowment.

These changes in respect of permanent endowment are expected to be implemented in Spring 2023.

- 3) **Changing charitable purposes and governing documents** – Unincorporated charities are to be given a new power to amend any provision in their governing documents, subject to a limited number of changes which would still require the permission of the Charity Commission such as 'regulated' alterations (Charitable objects, dissolution provision and trustee benefit provision for example), provisions that would alter permanent endowment and provisions that would have required the agreement/consent of others.

These changes are expected to be implemented by Autumn 2023

- 4) **Fundraising appeals** – The Act simplifies the requirements around restricted donations for fundraising appeals that have failed either because they did not raise sufficient funds to fulfil the purpose ("initial failure") or which have surplus funds after fulfilling the purpose ("subsequent failure"). An obvious example for Schools would be a fundraising appeal for a capital project. Subject to certain limitations, where a fundraising appeal has failed, the Trustees will be able to repurpose donations provided that the new purpose is sufficiently close to the original purpose of the appeal, without needing to obtain permission from the donors first.

These changes took effect from October 2022.

**Charity reporting and governance matters**

Other changes that are expected to come in over the course of 2023 include matters such as changing governing documents; appointment and remuneration of Trustees; and charity mergers.

Because the Act is an amending act, the form and content of charity financial reporting will continue to be governed by the Charities Act 2011.

**Charity Commission guidance on the impact of the cost of living crisis**

The Charity Commission has published guidance on managing financial difficulties arising from the cost of living crisis, covering the following main subject areas:

1. Trustees' duties and decision making
2. What to do if you experience financial difficulties
3. What to do if your charity cannot continue to operate
4. Reporting a serious incident to the Charity Commission

The new page emphasises various existing guidance for Trustees, but with a specific focus on the impact of the current economic climate, and it can be found here: <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-arising-from-cost-of-living-pressures>

**Charity Commission consultation on social media guidance**

The Charity Commission's consultation on new guidance concerning charities' use of social media closed in March 2023 and the guidance was released mid September 2023. The guidance addresses both charities' own use of social media and Trustees' responsibilities in this regard, and the potential risks surrounding charity employees' use of social media.

On this latter point, the Commission is clear that employees should be free to use social media in their own right but notes the potential for private posts to be interpreted as the views of the charity, with the risk to the charity's reputation that this could bring, and the consequent need for charities to consider setting guidelines to govern their employees' use of media and to set policies concerning how the charity would respond to any negative exposure.

The guidance can be found here: <https://www.gov.uk/government/publications/charities-and-social-media/charities-and-social-media>

**Revisions to the Annual Return**

### Charity reporting and governance matters

In December 2022, the Charity Commission published the outcome of its consultation on changes to the Annual Return, which will take effect for Annual Returns relating to financial years commencing on or after 1 January 2023.

The new Annual Return will include 23 new questions all charities will be required to answer 32 questions, up from a baseline of 16 in previous annual returns. The maximum number of questions that a charity will have to answer is now 52.

The changes to the questions cover the following areas:

1. Financial governance
2. Income and operations outside England and Wales
3. Charity operations and structure
4. Employees and volunteers
5. Governance of risk, incidents and safeguarding
6. Response to major external change

The detailed consultation outcome, including all of the new and revised questions, can be found here:

<https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25/annual-return-2023-consultation#annexes>

### Financial Reporting

#### Financial reporting framework

#### UK GAAP developments

In December 2022, the Financial Reporting Council published FRED82, the exposure draft for the latest periodic review of FRS102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Amongst numerous minor amendments and clarifications, FRED82 proposes two significant changes to UK GAAP which would bring it into closer alignment with International Financial Reporting Standards:

1. Changes to Section 20 *Leases*, which mirror the requirements of IFRS16 *Leases* and remove the distinction between operating leases and finance leases, with the result that all leases will lead to the recognition of an asset and a liability in the lessee's financial statements.
2. Changes to Section 23 *Revenue*, which introduces the five-step revenue recognition model from IFRS15 *Revenue from contracts with customers* into UK GAAP.

### Financial Reporting

We had been expecting that the periodic review would also include changes to bring FRS102 into alignment with IFRS9 *Financial Instruments*, in particular the adoption of the expected credit loss model of financial asset impairment. However, the FRC has decided to postpone any alignment with IFRS9 until the IASB has concluded its own review of the IFRS for SMEs, which is expected to include limited alignment with IFRS9 in this regard.

The ED is open for comment until 30 April 2023 and it is intended that the revised standard would take effect for accounting periods commencing on or after 1 January 2025.

### New requirements for other information

#### Taskforce on Climate-related Financial Disclosures

**Periods starting on or after 6 April 2022** - This is the proposed date for mandatory climate-related financial disclosure requirements for publicly quoted companies, large private companies and Limited Liability Partnerships to apply.

Following a consultation process by the Financial Conduct Authority (FCA), for accounting periods beginning on or after 1 January 2021, commercial companies with a premium listing on the main market of the London Stock Exchange are required to include climate-related financial disclosures in their annual report. The disclosures should make clear the extent of their compliance with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations on a comply-or-explain basis.

In October 2021, the UK Government laid before Parliament legislation for the inclusion of TCFD aligned disclosures in the annual reports of all publicly quoted companies, public interest entities and large private companies for periods beginning on or after 6 April 2022 (with equivalent legislation for large LLP's expected to follow). The disclosures are to be included within the Strategic Report in the newly defined 'Non-financial and sustainability information statement'. Large in this context refers to companies with more than 500 employees and Turnover in excess of £500m and "quoted" companies exclude those listed on the AIM market.

**Employment Tax**

**National Living/Minimum Wage**

The National Living Wage increased from £9.50 to £10.42 per hour from 1 April 2023. The National Minimum Wage rates also increased for those workers aged 22 and under. Employers will see their salary costs increase (increase between 9.7% to 10.9% across all categories) and face the prospect of having to auto-enrol more workers into workplace pension schemes - and pay at least 3% towards it.

**Pension tax relief for low earners in Net Pay Arrangements**

The government will introduce legislation in future Finance bill to make top up payments directly to low earning individuals saving in a pension scheme using a Net Pay Arrangement ('NPA'). Employees contributing to Relief at Source (RAS) schemes receive a 20 percent top-up on their pension contributions, even if they pay no income tax.

Contrast this to employees contributing to a NPA scheme who receive relief at their marginal tax rate, which for those with taxable earnings at or below the UK personal allowance is nil. The top ups will start to be paid from 2025/26 in relation to contributions made in 2024/25 onwards and align NPA participants with their equivalents saving into pensions schemes via the RAS method.

**Hybrid working arrangements**

Throughout the COVID-19 pandemic it was possible for many office-based employees to be able to work from home.

Whilst the Government introduced an exemption for employer reimbursed expenses to cover the cost of relevant home office equipment, the exemption ended on 5 April 2022. Under the terms of the exemption employees received the full reimbursement for the purchase of equipment to enable them to work from home.

This means that if the charity reimburses any such expenses from the 6<sup>th</sup> of April 2022, the payment should be processed via payroll and income tax and NI deducted.

What are the wider implications employers need to consider where consideration is being given to the future of flexible, or hybrid-working arrangements? Now that the pandemic restrictions are being lifted the reason for working from home will primarily be a matter of personal choice where the employee will come into the office say two/three days each week and work the remainder of their time at home. Where this is the case, the office will remain the place of work and the cost of travelling to the office will not qualify for any tax relief.

However, where offices have been permanently closed, for example, as part of a significant reorganisation of the organisation, then consideration will need to be given to the following:

- a. What are the employee’s duties?
- b. Where do they carry out their duties?

**Employment Tax**

c. Are they an area-based employee, responsible for say the East of England?

Consequently, employers will need to consider the impact of the legislation as part of introducing any hybrid working arrangements.

For many organisations the post-pandemic era will present a real opportunity to revise employee working practices especially where they can work, helping to provide a better work-life balance. A further benefit is the possibility to extend the catchments area for recruiting new employees and not being restricted to candidates based within reasonable commuting distance of the office. Where new policies are being introduced, we recommend they are fully reviewed to ensure they are compliant with current income tax and National Insurance legislation.

It should be noted that the Office of Tax Simplification undertook consultation on the above aspects and provided their recommendations for the Government to consider. We will have to wait and see if any recommendations are taken onboard.

**Pension Salary Exchange**

The current cost of living crisis has meant that it is difficult for some employees to manage day to day living, especially in the charity sector where majority may be paid at or just above the National Minimum Wage. One way for Charities to help these employees is to introduce a Pension Salary Exchange. The Exchange is a legitimate method of reducing both employer and employee NIC liabilities and without the Exchange, employees would pay their pension contributions from their net pay (i.e. after deduction of income tax and NIC). The Exchange works by agreeing with the employee to reducing their salary and in exchange the employer pays the equivalent amount in pension contributions on behalf of the employee.

Both the employer and employee will pay less Class 1 National Insurance, meaning the employee will have a bit more money in their pay packet at the end of the month.

A worked example of potential NI savings is illustrated below for an employee earning just above the NMW at £20,000 per annum.

Pre-Salary Exchange	£	Post-Salary Exchange	£
Annual salary	20,000		18,749.96
Monthly salary	1,666.67		1562.50
Employee monthly pension contributions (at 5% of monthly salary) before tax relief	£83.33		0
Employee monthly pension contributions after 20% tax relief	104.17		0

<b>Employment Tax</b>			
Income tax	123.73		102.90
National Insurance (@12% after allowing for monthly NI allowance of £1048)	74.24		61.74
*Take home pay	1385.37		1397.86
Employer pension contributions (3% of £1666.67)	50.00		154.17
Employer monthly NI saving which it may choose to pay into the employee’s pension (@13.8% of £104.17)	0		14.38
<b>*Take home pay is £12.50 per month greater under salary exchange</b>			

<b>VAT</b>
<b>Making Tax Digital (MTD)</b>
MTD for VAT was introduced in April 2019 in a phased rollout. With effect from 1 April 2022 all VAT registered entities must now submit returns through the MTD process, and as of November 2022 it is no longer possible to submit VAT returns through the old portal.
<b>Late payment and return submission penalties changing</b>
With effect from 1 January 2023 the previous system for imposing penalties for late submission of VAT returns and the late payment of returns has changed. The first affected returns (for those on quarterly returns, which is the majority) will be for the return period ending March 2023. The new system allows penalties to be issued if a return is submitted late even if the relevant return shows no VAT was due. Organisations should familiarise themselves with the new system and ensure they have procedures in place if key personnel are unavailable when a return becomes due for submission, but the main emphasis now is firmly on late payment with both penalties and interest chargeable.

<b>Other matters</b>
<b>Changes to Companies House filing arrangements</b>

One consequence of the Economic Crime and Corporate Transparency Bill 2022 is that Companies House will have extended powers to mandate how companies submit their accounts for filing. Companies House has published proposals to move to a fully digital, software-based filing process for all registered companies, including dormant companies.

The detailed timetable for implementation will be published in due course, following the passage of the Bill to Royal Assent, but Companies House has indicated that there will be a phased implementation to enable all accounts filers to obtain suitable software.

We will provide updates on this as the Bill proceeds through the legislative process.

**HMRC "customer" service standards**

There are increasing delays in obtaining responses from HMRC ranging from delays in the region of six months in processing applications for VAT registrations, delays in obtaining repayments, a decision to cease acknowledging option to tax notifications. If you anticipate having any interaction with HMRC then factor in additional time.

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Finalist: Tax Team of the Year



Winner: Audit Team of the Year



Top 15 auditor to quoted companies in Advisor Ranking Listing



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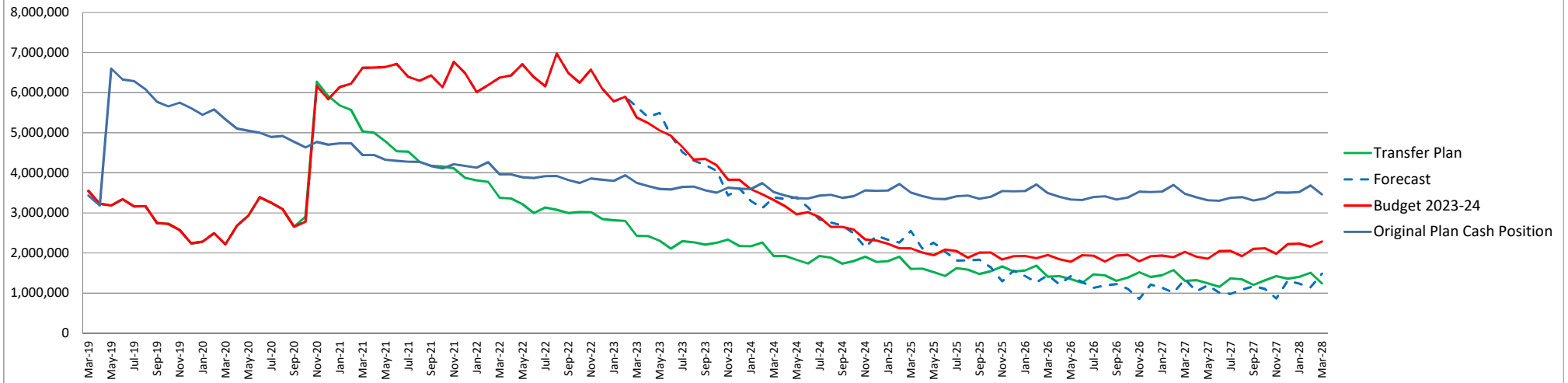


Management Account September 2023	Year To Date													
Net Movement in Funds	Actuals 2023-24	Budget 2023-24	variance	YTD Prior Year	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	2023-24	2023-24	variance	2024-25	2025-26	2026-27	2027-28
Surplus/(Loss) from Operations	(1,487,066)	(635,469)	(851,597)	(1,148,047)	1,245,199	580,681	(396,437)	(1,020,066)	(987,834)	(32,232)	(1,015,997)	(896,082)	(503,676)	(47,473)
Depreciation	89,534	195,188	(105,654)	70,577	302,968	130,403	144,992	201,290	397,747	(196,457)	231,482	205,776	457,092	447,075
Decrease/(Increase) in Debtors	262,294	193,639	68,656	1,516,655	(533,412)	107,828	573,324	(45,415)	(38,602)	(6,813)	666,402	(58,727)	81,766	(185,105)
(Decrease)/Increase in Creditors	(93,089)	(511,372)	418,283	(280,634)	3,640,923	(772,786)	(769,428)	(1,020,619)	(1,021,191)	572	(495,284)	(203,764)	(57,792)	(5,187)
<b>Net cash (expended)/ generated by operations</b>	<b>(1,228,327)</b>	<b>(758,014)</b>	<b>(470,312)</b>	<b>158,551</b>	<b>4,655,678</b>	<b>46,126</b>	<b>(447,549)</b>	<b>(1,884,810)</b>	<b>(1,649,880)</b>	<b>(234,931)</b>	<b>(613,398)</b>	<b>(952,798)</b>	<b>(22,610)</b>	<b>209,310</b>
Purchase of Fixed Assets	(222,629)	(216,000)	(6,629)	(37,172)	(250,308)	(293,277)	(277,357)	(377,009)	(410,000)	32,991	(224,000)	(151,000)	(75,000)	(75,000)
Increase / (Decrease) in Cash	<b>(1,450,956)</b>	<b>(974,014)</b>	<b>(476,941)</b>	<b>121,379</b>	<b>4,405,370</b>	<b>(247,151)</b>	<b>(724,906)</b>	<b>(2,261,819)</b>	<b>(2,059,880)</b>	<b>(201,939)</b>	<b>(837,398)</b>	<b>(1,103,798)</b>	<b>(97,610)</b>	<b>134,310</b>

Management Account September 2023	Year To Date													
Balance Sheet	Actuals 2023-24	Budget 2023-24	variance	YTD Prior Year	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	Forecast 2023-24	Budget 2023-24	variance	2024-25	2025-26	2026-27	2027-28
Fixed Assets	989,899	849,220	140,679	691,034	561,565	724,439	856,804	1,032,523	840,661	191,862	1,025,041	970,265	588,173	216,098
Debtors	1,142,918	622,503	520,416	461,882	2,086,365	1,978,537	1,405,213	1,450,628	854,743	595,884	784,226	842,953	761,188	946,293
<b>Cash at Bank and Investment Fund</b>	<b>4,197,294</b>	<b>4,407,594</b>	<b>(210,300)</b>	<b>6,494,535</b>	<b>6,620,306</b>	<b>6,373,156</b>	<b>5,648,250</b>	<b>3,386,431</b>	<b>3,321,728</b>	<b>64,702</b>	<b>2,549,033</b>	<b>1,445,235</b>	<b>1,347,626</b>	<b>1,481,936</b>
Creditors	(2,341,876)	(1,588,366)	(753,510)	(2,923,759)	(3,977,179)	(3,204,393)	(2,434,965)	(1,414,346)	(1,078,547)	(335,799)	(919,062)	(715,298)	(657,506)	(652,319)
<b>Net Assets</b>	<b>3,988,236</b>	<b>4,290,951</b>	<b>(302,715)</b>	<b>4,723,692</b>	<b>5,291,057</b>	<b>5,871,739</b>	<b>5,475,301</b>	<b>4,455,236</b>	<b>3,938,585</b>	<b>516,650</b>	<b>3,439,239</b>	<b>2,543,156</b>	<b>2,039,481</b>	<b>1,992,008</b>

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Cash (and invested cash) Position v Original Plan and Transfer Plan



SRH Detailed Income and Expenditure	Year To Date							
	Actual	Budget	Variance	Prior Year	Variance	Actuals 2021-22	Actuals 2022-23	Forecast 2023-24
<b>31st August 2023</b>								
<b>NHS Grants</b>	<b>813,929</b>	<b>854,625</b>	<i>(40,696)</i>	<b>801,419</b>	<i>12,510</i>	2,256,244	1,693,858	<b>1,707,159</b>
<b>NHS Other Fees</b>	<b>0</b>	<b>2,400</b>	<i>(2,400)</i>	<b>0</b>	<i>0</i>	8,485	4,544	<b>2,400</b>
<b>Hospice Grants</b>	<b>656</b>	<b>0</b>	<i>656</i>	<b>11,448</b>	<i>(10,792)</i>	280,354	10,710	<b>656</b>
<b>Other income</b>	<b>140,292</b>	<b>137,970</b>	<i>2,322</i>	<b>138,620</b>	<i>1,672</i>	278,368	323,075	<b>289,471</b>
<b>Investment Income</b>	<b>18,961</b>	<b>77,450</b>	<i>(58,489)</i>	<b>(171,093)</b>	<i>190,054</i>	21,393	(6,512)	<b>42,961</b>
<b>Orangery Income</b>	<b>14,816</b>	<b>10,099</b>	<i>4,717</i>	<b>9,618</b>	<i>5,198</i>	8,819	23,430	<b>29,318</b>
<b>Operating Income</b>	<b>988,653</b>	<b>1,082,544</b>	<i>(93,891)</i>	<b>790,012</b>	<i>198,641</i>	<b>2,853,662</b>	<b>2,049,104</b>	<b>2,071,965</b>
Staff Costs	(1,947,543)	(1,925,324)	(22,220)	(1,810,821)	(136,722)	(3,139,795)	(3,695,964)	<b>(3,938,698)</b>
Training, Recruitment and subscriptions	(19,799)	(19,200)	(599)	(17,586)	(2,213)	(40,142)	(42,277)	<b>(42,171)</b>
Food and Catering	(23,568)	(22,648)	(920)	(19,775)	(3,794)	(24,342)	(41,584)	<b>(46,236)</b>
Cleaning and Waste Disposal	(17,932)	(19,366)	1,434	(16,689)	(1,243)	(31,903)	(35,249)	<b>(39,265)</b>
Travel and Motoring Expenses	(10,245)	(7,087)	(3,158)	(6,502)	(3,743)	(13,190)	(13,800)	<b>(17,930)</b>
Drugs, Dressings and Consumables	(67,515)	(61,882)	(5,634)	(57,358)	(10,157)	(93,361)	(127,947)	<b>(126,957)</b>
Rates and Utilities	(30,917)	(40,060)	9,143	(35,595)	4,678	(78,552)	(78,361)	<b>(76,036)</b>
Repairs and Maintenance	(45,692)	(44,160)	(1,532)	(60,351)	14,659	(101,318)	(109,402)	<b>(89,852)</b>
Telephones, Postage, Stationery & IT	(25,875)	(33,251)	7,376	(18,201)	(7,674)	(45,407)	(40,699)	<b>(54,483)</b>
Rent	(135,075)	(135,000)	(75)	(135,150)	75	(270,300)	(270,300)	<b>(270,075)</b>
Events	(1,191)	(1,200)	9	0	(1,191)	0	(1,079)	<b>(1,691)</b>
Communications and Marketing	(6,397)	(3,000)	(3,397)	(8,867)	2,470	(7,498)	(11,199)	<b>(9,397)</b>
Other Direct Costs	(29,016)	(18,869)	(10,147)	(22,115)	(6,901)	(40,154)	(61,055)	<b>(47,459)</b>
<b>Direct Cost of Service</b>	<b>(2,353,177)</b>	<b>(2,326,846)</b>	<i>(26,331)</i>	<b>(2,200,141)</b>	<i>(153,036)</i>	<b>(3,878,465)</b>	<b>(4,516,639)</b>	<b>(4,749,162)</b>
<b>Depreciation</b>	<b>(53,208)</b>	<b>(70,248)</b>	<i>17,040</i>	<b>(47,199)</b>	<i>(6,009)</i>	<b>(95,491)</b>	<b>(95,392)</b>	<b>(111,646)</b>
<b>Direct Service Cost less Direct Income</b>	<b>(1,417,733)</b>	<b>(1,314,550)</b>	<i>(103,182)</i>	<b>(1,457,329)</b>	<i>39,596</i>	<b>(1,120,295)</b>	<b>(2,562,927)</b>	<b>(2,788,843)</b>
Staff Costs	(351,966)	(346,652)	(5,314)	(374,481)	22,514	(705,438)	(704,408)	<b>(717,841)</b>
Training, Recruitment and subscriptions	(9,328)	(16,068)	6,740	(19,139)	9,811	(16,060)	(25,747)	<b>(19,581)</b>
Telephones, Postage, Stationery & IT	(60,422)	(56,166)	(4,255)	(58,226)	(2,196)	(104,964)	(119,538)	<b>(119,236)</b>
Professional Services	(34,658)	(28,982)	(5,676)	(28,628)	(6,030)	(78,721)	(70,294)	<b>(71,189)</b>
Insurance	(15,207)	(17,500)	2,294	(16,003)	797	(32,024)	(31,371)	<b>(31,371)</b>
Communications & Marketing	0	(284)	284	(6,094)	6,094	(9,943)	(47,880)	<b>(9,418)</b>
Other Costs	(24,054)	(11,401)	(12,653)	(10,609)	(13,446)	(29,517)	(33,382)	<b>(40,657)</b>
VAT	(7,672)	(7,253)	(419)	(3,745)	(3,927)	(28,692)	(14,396)	<b>(16,027)</b>
Support charged to Income Generation	167,769	161,435	6,333	172,308	(4,539)	335,119	349,005	<b>341,773</b>
<b>Indirect Service Costs</b>	<b>(335,537)</b>	<b>(322,871)</b>	<i>(12,667)</i>	<b>(344,616)</b>	<i>9,079</i>	<b>(670,239)</b>	<b>(698,011)</b>	<b>(683,546)</b>
<b>Net Service Cost to be Funded</b>	<b>(1,753,270)</b>	<b>(1,637,421)</b>	<i>(115,849)</i>	<b>(1,801,945)</b>	<i>48,675</i>	<b>(1,790,534)</b>	<b>(3,260,937)</b>	<b>(3,472,389)</b>



# **St Raphael's Hospice**

**Annual Report and Financial Statements  
For the year ended 31st March 2023**

## **Company Limited by Guarantee**

Company Registration Number: 11732567 (England and Wales)

Charity Registration Number: 1182636

**St Raphael's Hospice  
Annual Report and Financial Statements  
For the year ended 31st March 2023**

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**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Reference and administrative details of the Charity and its Trustees**

<b>Trustees</b>	Mr Norman McWhinney Mr Alan Cogbill Sister Veronica Hagen Mr Paul Holmes Sister Kathleen O'Reilly Mr Joseph Ryan Mr Bernard Marley Mr Grahame Darnell Ms Manjit Lall (appointed May 2022) Dr Carrie Chill (appointed February 2023) Dr Joy Tweed (resigned July 2022) Mr Roderick O'Connor (resigned March 2023)	Chair; HR, CQ&G Vice Chair; F&R, CQ&G, IGC IGC HR, F&R F&R F&R CQ&G, IGC IGC HR CQ&G CQ&G IGC
<b>Committee Members</b>	Dr Caroline Chill (became a trustee February 2023) Ms Hazel Borthwick (appointed October 2023) Mr Ed Cook Dr Eva Kalmus (resigned October 2023) Mr Steve Mulhall (resigned July 2023)	CQ&G HR F&R CQ&G HR
<b>Clerk to the Trustees</b>	Ms Anna Machin	
<b>Executive Team</b>	Mrs Gail Linehan (to November 2022) Mr Nick Stevens (from November 2022) Ms Rebecca Trower Ms Sara Jane Woods Ms Kate Billingham Wilson (from March 2023) Dr Gaby Tamara-Rose (from September 2022) Mr John Groom (from April 2022) Mr Alex Rudkin (from April 2023)	Joint CEO CEO (was Joint CEO to November 2022) Clinical Director Commercial Director Director of Fundraising and Communication Specialist Palliative Care Consultant Director of IT and Estates Director of Quality and Governance
<b>Medical Leadership Team</b>	Dr Gaby Tamara-Rose Dr Jenny Strawson Dr Naomi Collins	Specialist Palliative Care Consultant Specialist Palliative Care Consultant Specialist Palliative Care Consultant
<b>Company registration number</b>	11732567	
<b>Charity registration number</b>	1182636	
<b>Registered office</b>	St Raphael's Hospice, London Road, Cheam, SM3 9DX	
<b>Telephone</b>	020 8099 7777	
<b>Email</b>	<a href="mailto:enquiries@straphaels.org.uk">enquiries@straphaels.org.uk</a>	
<b>Website</b>	<a href="http://www.straphaels.org.uk">www.straphaels.org.uk</a>	
<b>Auditor</b>	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG	
<b>Principal bankers</b>	National Westminster Bank plc, 93 Central Road Worcester Park, Surrey, KT4 8DZ	
<b>Investment Managers</b>	Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU	
<b>Committees</b>	Clinical Quality and Governance Committee (CQ&G) Finance and Resources Committee (F&R) Income Generation and Communications Committee (IGC) Human Resources Committee (HR)	

## St Raphael's Hospice Trustees' Report for the year ended 31st March 2023

### Joint Chair and CEO Report

Having navigated the years which were impacted by the coronavirus pandemic, 2022-23 provided a welcome return to normality for patients and visitors as well as for our staff and volunteers. However, the economic uncertainties that arose during the pandemic were exacerbated by the war in Ukraine and resulted in unexpected inflation which has increased costs for all aspects of the Hospice's work.

The recruitment market was very difficult throughout the pandemic period, not only for skilled and experienced clinical specialists, but also for retail, fundraising and support staff. In October 2021 St Raphael's Hospice took the decision to align our clinical pay scales with the NHS "Agenda for Change" (AfC) scales which has enabled us to become competitive with our local acute hospitals and also our neighbouring hospices in the recruitment and retention of staff.

As a result of taking this step we have been able to recruit to most of the vacancies, retain key staff and secure our services for the future. However, the financial consequence of the increase to salary costs has taken full effect in the financial year 2022-23 and this, coupled with the usual pay rises and other inflationary increases, has caused our direct clinical costs to rise by £664k, a 14% increase. Overall costs are up by £758k and this has resulted in an operating shortfall, before investment losses, of £(293)k compared to a surplus of £564k last year.

The vital importance of raising more money to pay for the hospice operations, given that only 25% is supported by NHS grants, is made all the more clear by these results. Therefore, we took the decision to spread the responsibility for income generation across two directorates, in line with many other hospices. Sara Jane Woods became our Commercial Director with a focus on our retail and lottery growth and we successfully recruited to a new Director of Fundraising and Communications role, with Kate Billingham-Wilson joining us in March 2023. We also engaged an external consultant to review our fundraising activities and opportunities and to provide a Fundraising Strategy that our new Director will take forward over the coming years.

We have continued to pursue our programme of change to deliver our "EVE" strategy; focussing first on the qualities of all our services by aspiring for **excellence** in all that we do; then by seeking ways to raise our **visibility** with the communities we serve to provide reassurance that we will be there when needed; and then by increasing our **engagement** with these communities so that we can learn more about how we can adapt to serve them more effectively and offer the opportunity for connecting with us through partnering, volunteering and donating.

We have been pleased by the consistently positive reviews that have been given by patient families as part of our Voices Survey and that this continues to be echoed by responses to the independent Medical Examiners who report quarterly on all deaths. One respondent to our Voices Survey said:

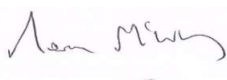
**"The team members and level of care offered was amazing. They were on hand when we needed them and helped with everything required. We will be forever grateful."**

As our clinical administration system, Crosscare, was due to be withdrawn and so we made the preparations to move to EMIS, a system used by all local GPs and other local hospices. Key to the success of a major change such as this is for clinical and technical expertise to work together to plan every element. We are very grateful to the multi-disciplinary project team who worked hard to prepare for the implementation which was then successfully rolled out in the May 2023.

We also want to register our thanks to all our dedicated staff and volunteers who, together, have continued to deliver these vital services for Merton and Sutton; to all our donors, lottery players, shoppers and event participants who have raised vital funds; and to those who have remembered us in their wills - this year we were delighted to receive over £1.65m in generous legacies, a major part of our income.

In November 2022 our Joint-CEO, Gail Linehan, retired after serving the Hospice for nearly 25 years as a ward sister, Community CNS and in various managerial positions. We are hugely grateful to Gail for all the energy and expertise that she invested over her career with St Raphael's. We have also been saddened by the death of Brigadier Mike Roycroft who served as CEO from 2014 to 2020 and who oversaw the creation of the independent charity and all its support functions. Mike was a brilliant man and a kind and dedicated leader who will be greatly missed.

As we look forward to 2023-24 we are confident in the qualities of the services we deliver. We will aim to consolidate these whilst growing aspects that touch our community more generally and where our wonderful volunteers play a lead role. We will also launch a Lottery Campaign to increase our income and engagement throughout Merton and Sutton whilst looking to continue the success of our retail function by seeking more outlets. We will recruit into our fundraising team the expertise and experience we will need to develop our supporter base and we will work with local hospice colleagues to seek further funding from NHS and from HM Government in order to ensure our services are available free of charge long into the future.



Norman McWhinney, Chair



Nick Stevens, CEO

## St Raphael's Hospice

### Trustees' Report for the year ended 31st March 2023, continued

The trustees, who are also the directors of the charitable company for the purposes of company law, present their report and the financial statements of St Raphael's Hospice for the year ended 31 March 2023. This constitutes the strategic report for the purposes of company law.

The financial statements are presented in accordance with the accounting policies set out on pages 19 to 22 therein and comply with the Memorandum and Articles of Association of St Raphael's Hospice and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### Achievements for the year

In our report for last year there were three major strands to the plan for 2022-23:

1. Embedding Excellence
2. Raising Visibility
3. Widening Engagement

#### **1. Embedding Excellence**

- The critical component in our drive for "excellence in all that we do" is our team. By aligning with the Agenda for Change pay scales we have enabled our recruitment and retention to be competitive with other local providers and this has resulted in strong candidates joining our team so that vacancies are now minimal. In a staff survey in May 2023 98% of our staff indicated that they are proud to work for St Raphael's Hospice (responses to our previous survey in 2021: 93%) and 88% would recommend us as an employer (2021: 80%). In the crucial measure of whether our staff would be "happy with the standard of care" should a friend or relative need it, 98% agreed that they would be (2021: 93%) and 100% of our clinical staff agreed with this.
- We have continued the work to improve our Hospice buildings and environment which was begun in 2021-22 when we updated the in-patient unit (IPU). Many areas that are less public facing have now been refreshed including staff rooms, offices, meeting rooms and some of the external areas. Work was completed on "The Den" providing space for our men's group to meet as well as other Community Engagement activities. Two ward rooms have been combined into one larger space that allows for families to stay with their loved-one; it is also equipped with hoists and other facilities for bariatric patients.

#### **2. Raising Visibility**

- Plans for a profile-raising and fund-raising campaign progressed with two different design agencies producing some thought-provoking and challenging straplines and visuals. As there was need to re-engineer the fundraising team during the year the project shifted emphasis to lottery recruitments and contracting with an agency to provide a professional team and approach to raising awareness of the hospice and recruiting players.
- Our major new fundraising event that would enable us to connect with new potential supporters, "Woof Fest" - a canine centred day of fun and activities for all the family - was scheduled to take place over the same weekend that the country paused to give thanks for the life of the Queen, Elizabeth II. The event was cancelled and it was not possible to reschedule the event at such short notice.
- We opened our second Wimbledon charity shop in Leopold Road, Wimbledon Park and also agreed terms on a new shop on Morden High Street. Both these shops will raise our profile locally and provide the local community with an opportunity to support the Hospice and grab a bargain. We also agreed terms on a new Donation Centre in Windsor Place, Sutton. This large shop is opposite our existing premises which will cease to be available and is on 28 days' notice.

#### **3. Widening our Engagement**

- Our plans to broaden the reach of our Wellbeing Centre, by increasing awareness with GPs so that people can be referred to the service as part of "social prescribing", progressed well. We saw a 67% growth in the number of people referred to the unit and a 145% increase in attendance in the year. "The Den" was also completed, as noted above, providing additional space for growth and development.
- We launched Compassionate Neighbours in January 2023 having transitioned from our pre-existing Hospice Neighbours programme. The scheme, described as a "social movement", works alongside existing social networks that already provide "neighbourly care and support", giving access to skilled support and training, signposting and advice. The scheme is already proving successful and we are seeking more volunteers to meet community demand.

## St Raphael's Hospice

### Trustees' Report for the year ended 31st March 2023, continued

#### 3. Widening our Engagement, continued

- We recruited a further part time counsellor to our Psychological Support Team who is able to provide a specialist Eye Movement Desensitisation and Reprocessing (EMDR) service, broadening our offer. We were also pleased to recruit replacements for the final year Roehampton University students who provide a large number of sessions for our patients' families on supervised placements. We began the development of a new "Bereavement Pathway" to provide a flexible structure to support people through the most difficult times of reconciling with and managing the reality of grief and loss. This will dovetail with, and add to, the specialist professional intervention provided by our counsellors and psychotherapists.
- During the year we engaged a Consultant to review our approach to fundraising and provide a Strategy to be adopted and taken forward over the coming years. One part of the findings was that there was a disconnect between our appreciation of fundraising as integral to the charity and our practice whereby the team were not co-located and there were few materials publicising the fundraising needs on the hospice site. These, along with other changes, will form part of the plan for 2023-24 (see below).
- After a long search, we successfully recruited BriteVox as the agency to promote and grow our lottery over the coming years. Currently, fewer than 2% of the adult population of Merton and Sutton play our lottery and we believe that this support base can be increased. Connecting with our community through the lottery will also provide a route to raising the profile of the Hospice more generally and potentially increase our donor support as well.

#### Financial review

Overall the charity had a shortfall of £(396)k for the year compared with a surplus of £581k last year. The main reasons for this shortfall relate to the cessation of coronavirus income support and the impact of inflationary related cost increases.

Donation income grew 13% to £1.88m (2021-22: £1.66m) and legacies were up 8% to £1.65m from (2021-22: £1.53m). We saw 17% growth in retail and commercial income to reach £1.79m (2021-22: £1.53m). Income from Charitable Activities dropped £0.78m (30%) which largely related to the absence of coronavirus support (2021-22: £247k NHSE COVID-19 Hospice Support Scheme and £500k from the SWL CCG for pandemic support).

Total costs were £7.76m which amounts to an 11% increase over the previous year (2021-22: £7.00m). Of the increase, £664k related to clinical costs which took a full year impact of our alignment to Agenda for Change rates of pay (2021-22: six months' impact) and also the NHS agreed pay increase for AfC staff for the year together with other inflationary factors.

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the balance sheet.

The charity's cash balance at the end of the year amounted to £3.7m (2021-22: £4.4m) of which £1.9m related to the deferred income creditor (2021-22: £2.7m). In addition the charity held liquid investments valued at £2m (2021-22: £2m).

#### Reserves

Total funds at 31 March 2023 amounted to £5.48m (2021-22: £5.87m) including designated funds of £1.25m (2021-22: £1.18m). The designated fund is represented by the net book value of tangible fixed assets which are used in the day to day work of the Hospice and amounts set aside for fixed asset acquisitions in the next twelve months, and hence, the fund is not available for working capital commitments.

Free reserves are that element of unrestricted funds which are available for future spending and are therefore calculated by taking the total unrestricted funds of the charity and deducting any balances not available for future spending, including designated funds which have been set aside by the trustees for a particular purpose. The trustees have decided that the required level of free reserves should be between three and six months' operating expenditure which is between £1.8m and £3.6m.

The free reserves at the end of the year amounted to £4m (2021-22: £4.4m) and therefore the trustees are happy that this is sufficient for the charity's foreseeable needs.

#### Investments

The trustees have an Investment Policy which meets the Charity's obligations under the Charities SORP FRS102 to ensure an effective system for the investment of cash, the transmitting of timely and reliable cash flow forecasts to the trustees and ensuring the compliance with relevant statutory and regulatory requirements. The Policy is fully compliant with the requirements set out in 'CC14: Charities and investment matters: a guide for trustees' published by the Charity Commission.

The Trustee Board holds overarching oversight of, and accountability for, the charity's approach to cash management, investment and reserves. The Finance & Resources Committee is responsible for reviewing and monitoring the charity's cash in hand, cashflow forecasts, approach to investments and related performance on a regular basis. St Raphael's Hospice employs the services of investment managers, (currently Sarasin & Partners LLP), who provide updates on the performance of St Raphael's Hospice's investments and advice on how returns can be achieved in line with the charity's overarching approach.

## **St Raphael's Hospice**

### **Trustees' Report for the year ended 31st March 2023, continued**

#### ***Investments, continued***

In accordance with the constitutional objects of the charity, the trustees have instructed the investment manager to be sensitive to the ethics and religious principles of the Catholic Church. They are instructed to try to avoid any investments in contravention of these and to highlight areas of potential sensitivity. The investment managers are also encouraged to engage actively with the underlying companies on these issues. Particular concern will be attached to issues related to the protection of human life and human rights, as well as discrimination against any sectors of society.

#### ***Going Concern***

The Board and the Finance and Resources Committee regularly review the short and medium term financial forecasts and consider various scenarios and assumptions. The results for this financial year were largely in line with budgets with the exception of some areas of donation income which did not meet expectations. The trustees have acted to address this and a revised strategy and structure has been adopted for 2023-24. Nonetheless, the inflationary pressures which are lifting overall costs may also have a detrimental impact on individual donors' ability to support the hospice and so plans are also underway to grow other income streams, including retail and lottery. The trustees will be seeking to raise the charity's needs with NHS Commissioners and with Central Government. The trustees remain satisfied that the Hospice's financial projections, which indicate a sustainable future, are reasonable and that there are sufficient funds in place to continue operating and to meet liabilities as they fall due for the foreseeable future and that the balance sheet is sufficiently robust to allow the Hospice time to respond effectively if income projections deteriorate significantly.

#### **Plans for 2023-24**

##### ***1. Consolidate Qualities and Widen Reach***

- Embedding excellence now forms part of the foundation for all activity at St Raphael's Hospice. An excellent service is what is needed by all the residents of Merton and Sutton whether as a direct beneficiary or by way of reassurance that, should we ever be needed, we will be there for each and every person.
- We will continue to broaden the reach of our charity by developing our Community Engagement through the Wellbeing and Compassionate Neighbours services. We will also recruit to the role to plan and co-ordinate the implementation of the Bereavement Pathway service which is designed to provide a curated journey from preparing for the death of a loved one, through navigating the turmoil of grief and moving forward to a place of new stability and the ability to recognise and cherish the memories of life.

##### ***2. Embed Fundraising into the culture of St Raphael's***

- We will build a team around the new Director of Fundraising and Communication, recruiting to the vacant posts of Corporate Manager, Community and Youth Manager, Philanthropy Manager, Appeals Manager and Legacy and In-Memory Manager.
- We will move the Fundraising team into the Hospice building to ensure that they are fully integrated into the charity and that relationships with clinical and other colleagues can flourish. We will bring the Communications team into the same space and under the leadership of the Director.
- We will develop the Fundraising elements that connect into the Bereavement Pathway including a memorial space, book of remembrance and bespoke events to mark and build lasting memories.
- We will take steps to understand the motivations and preferences of our existing supporters in order to tailor appeals to them and we will use this knowledge to nurture our relationship with all supporters more effectively.
- We will raise the profile of our fundraising needs within the hospice site by means of posters and leaflets, the literature of the Bereavement Pathway and by producing an effective St Raphael's story that can be displayed in the Hospice and used in other fora.

##### ***3. Grow our Commercial income***

- We will commence the Lottery Campaign with an aim to recruit 100 new players each week in 2 x 3 month cycles, "resting" the area in between. We will also equip our shops to sell lottery tickets and take sign-ups for the lottery and seek other avenues to grow the player numbers using volunteers and social media.
- We will continue to develop our retail activities and in particular aim to find and open two or three new retail outlets in 2023-24. We will also look at opening a Wedding department in our Wimbledon Park shop and consider buying in new and second hand products for this and other sales outlets.
- We will consider establishing a trading subsidiary to facilitate additional commercial activity in order to raise unrestricted funds for the charity.

## **St Raphael's Hospice**

### **Trustees' Report for the year ended 31st March 2023, continued**

#### **Structure, governance and management**

##### **Constitution**

St Raphael's Hospice is a charitable company limited by guarantee (11732567) incorporated on 18 December 2018 in England and Wales. It is registered as a charity with the Charity Commission (1182636). Its governing document is its Memorandum and Articles of Association.

##### **Charitable objects**

The object of the charity is the relief of illness and suffering in accordance with the teaching, rites and practices of the Catholic Church, by:

1. The provision of palliative care, treatment or relief of people of all ages with active, progressive or advanced illness on the basis of need regardless of their religious, cultural or ethnic background;
2. The provision of care and support to those who have experienced loss and bereavement, in particular families, friends and carers;
3. Conducting, promoting or commissioning research into the care, treatment and relief of people suffering from advanced, active and progressive illness and by providing for the dissemination of the results of such research; and
4. The provision of education and training for professionals and volunteers engaged in palliative care.

##### **Public benefit**

The trustees give careful consideration to the Charity Commission's guidance on public benefit when setting the Hospice's aims and objectives and planning activities. St Raphael's Hospice contracts with Merton and Sutton Clinical Commissioning Groups (CCGs) to provide support to people whose GP practice is based within the London Boroughs of Merton and Sutton, a population of around 420,000. Access to our services is on the basis of need and open to anyone via referral from a healthcare professional, or, in the case of bereavement support and the new Living Well programme, self-referral. There is no charge to patients or their families for any of our care services. In addition to the direct benefit there is an indirect benefit to all residents who can be reassured that the Hospice will be there for them or for their loved ones, should they ever need it.

Referrals for hospice services are accepted for people with a life limiting condition who are entering the last twelve months of life and who require specialist palliative and end of life care. For instance, they may need help with:

- Symptom control
- Psychological or spiritual issues
- Terminal care
- Difficult decisions, advanced care planning, or conversations about managing end of life care
- Support for family or friends
- Clinical and nursing care provided by the Community team alongside practical and companionship support provided by Hospice at Home or by our volunteer Hospice Neighbours in their home.
- Wellbeing and Living well services for patients and other self-referred community members together with their carers.

The Hospice supports adults in Merton and Sutton who have been referred to the Hospice and have agreed to that referral. If they do not have the mental capacity to do so we will consider how we can help meet their best interests within the context of legislation such as the Mental Capacity Act, Mental Health Act and Deprivation of Liberty guidance.

Families, carers or those close to a patient accepted for hospice services can be referred or access certain services in their own right, when they are affected by the patient's illness or death. These include bereavement support and counselling, attendance at the Men's Den, Living Well and other sessions held in the Wellbeing Centre.

##### **The Trustees**

The Board of Trustees (which constitutes the Board of Directors for the purposes of the Companies Act) comprises a minimum of five and a maximum of twelve trustees, of whom a majority must be Catholic. They should meet as a Board at least five times per year. The Board is guided in its governance by an independent, qualified Clerk who performs Company Secretarial functions. The Board delegates powers and responsibilities to the following committees: Clinical Quality and Governance; Finance and Resources; Income Generation and Communications and Human Resources (which is also the Remuneration Committee). Terms of reference define responsibilities and delegated authority and are reviewed regularly by the Board.

The membership of committees is made up of trustees, independent advisors who are selected for their specialist expertise and senior managers of the charity. Minutes of committee meetings are circulated to the Board and Committee Chairs provide a report to the Board on major issues and decisions.

## **St Raphael's Hospice**

### **Trustees' Report for the year ended 31st March 2023, continued**

#### ***Environmental, Social and Corporate Governance***

There is a framework for Board self-review and skills audit which draws upon the Charity Governance Code for smaller charities and the outcomes of the self-evaluation are used to inform plans for Board and Committee agendas, training opportunities, and further recruitment. There is a formal process for the recruitment of new trustees and/or Committee Members who are needed to fill skills gaps and vacancies as they arise. External advertising in suitable media is employed with a formal interview process taking place before a candidate is proposed to the Board. A simple majority decision of the Board is required under the constitution in order for an appointment to proceed.

New trustees and committee members attend an induction evening to be briefed on the charity and meet colleagues and they are provided with Charity Commission guides. They are required to undertake mandatory training on a regular basis using the charity training portal, Duty of Candour and level 2 Safeguarding for Adults training is also available and encouraged with one trustee required to undertake level 3 Safeguarding in order to serve as the Board's Safeguarding Lead.

The trustees recognise that St Raphael's Hospice serves the whole, diverse population of Merton and Sutton and are proactive in seeking to represent the whole community effectively. Training in EDI (equality, diversity and inclusion) has taken place on three occasions in the last 12 months for trustees and staff and a steering group ensures EDI has a platform across the whole organisation. We are engaging at senior level with leaders of different communities and faiths across our geography in order to learn and adjust our services accordingly. We are also developing our Community Engagement service through our Wellbeing Centre and the Compassionate Neighbours programme which was launched in January 2023. Part of this is designed to increase our ability to connect with and to serve the whole of our diverse population.

The trustees are also conscious of our broader responsibility to care for our community by caring for our environment. We were early adopters of professional quality battery operated gardening equipment which reduces noise and fumes for our patients and vibration risks for our team. They are also low maintenance and have lower running costs. In the same vein we have acquired a second all-electric van for our Retail distribution and have a third for our facilities and OT teams (distributing equipment to patients in their homes). We have installed an electric charging point and operate a hybrid pool car for all staff to use on Hospice business. Our recent refresh has upgraded the Hospice lighting to digital technology and we are seeking funding to install additional solar panels to those we already have in order to contribute into the National Grid and save funds over time.

The charity has purchased insurance to protect itself from any loss arising from the neglect or default of its trustees and employees and to indemnify the trustees or other officers against the consequences of any neglect or default on their part. This forms part of the organisational insurance premium which amounted to £1,619 (2021-22 £1,619) and provides public and employer cover up to a maximum of £10m.

#### ***Key Management Personnel***

Key management personnel comprise the trustees, and the executive team. The Board of Trustees is responsible for the running of the charity and delegates the operational activity to the executive team (which comprises the CEO (Joint CEOs until 26th November 2022), Clinical Director, Commercial Director, Director of Fundraising and Communications, Director of Quality and Governance and the Director of IT and Estates)) whose pay is reviewed annually by the Remuneration Committee. Salary levels are set with regard to similar roles in other local charities, including other hospices. The Lead Consultant (on rotation) is also a member of the executive team but their pay follows the NHS pay formula.

#### ***Limitation of liability***

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantors at 31 March 2023 was 10 (2021-22: 10). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

#### ***Principal risks and uncertainties***

The management of risk remains a key priority for the Hospice. Risk assessments are undertaken for every aspect of its operation ranging from clinical risk assessments, which are undertaken on a continual basis, through health and safety assessments for everyday tasks to comprehensive assessments of all aspects of major fundraising events.

Staff continue to be dedicated to the prevention, identification and reporting of incidents, accidents and near misses. The Hospice has an effective feedback infrastructure including governance and clinical management meetings that review the actions and learning points identified in previous incidents to ensure that improvement remains continuous. The reporting system is supported by the electronic patient record which remains a corroborative source for the reporting of patient incidents. The Board of Trustees review the corporate level risk register, prepared by the executive team, on a regular basis and each Committee reviews the relevant risk register for that discipline. The principal risks facing the Hospice and the steps being taken to mitigate them are as follows:

**St Raphael's Hospice**  
**Trustees' Report for the year ended 31st March 2023, continued**

*Principal risks and uncertainties, continued*

**Income - insufficient income is raised to deliver our charitable activities: The Hospice needs to raise around 75% of the total running costs from voluntary sources, with the remaining 25% being granted by the NHS. There is a continual risk that insufficient income is generated to cover this gap and there is a particular reliance on high levels of legacy income which is outside the control of the charity.**

*The trustees and the executive team have set a target level of operating cash that is designed to enable it to manage the fluctuations of income year on year. It is diversifying its income streams and is pro-active in seeking new ways to raise additional regular income. In addition to this level of reserve, the Hospice also has a deferred income balance of £1.9m (which is represented by cash at bank) which is intended to offset the forecast shortfalls arising over the next three years whilst the charity undertakes its strategy of EVE. This strategy is designed to increase income and achieve a sustainable level of regular funding that does not rely upon exceptional legacy levels (which is currently assumed to be annual total legacies in excess of £1.25m).*

**Economic environment - The consequential impacts arising from the coronavirus pandemic and the war in Ukraine, including inflation, have added pressure to national and individual budgets which impacts the Hospice cost base and the ability of our community to afford the support we need. This risks the sustainability of the Hospice.**

*The trustees and the staff team are committed to finding innovative ways to reach the communities we serve with a message of excellence and reassurance coupled with sharing of the need for income generation. We continue to believe that the unique and vital role of hospices will ensure that future funding does grow to meet the needs. In the meantime we have sufficient funds to manage the foreseeable future effectively.*

**People - inability to recruit and retain specialist staff against a backdrop of an aging staff profile and widespread shortage of qualified staff.**

*The trustees and the executive team monitor morale, staff benefits, remuneration and engagement through staff surveys, exit interviews, regular Heads of Department meetings and aim for open communication throughout the team. Internal training and development opportunities are designed to maximise work satisfaction and flexibility in working hours is facilitated wherever possible. We aim to ensure that work-life balance is positive, working environment is improving, our staff/patient ratio remains low and all clinical staff receive supervision. We match NHS Agenda for Change salary levels and have improved other terms and conditions.*

**IT and Data - The Hospice is reliant upon its IT infrastructure, systems, data management and web connectivity in delivering its service. All these systems are at risk of failure or interruption through malicious or accidental intervention, putting patient services and data at risk.**

*A robust back-up system is in place with a 2-3 hour turnaround for critical patient information. Our experienced and expert team are supplemented by a 24/7 support service with an expert consultancy that was involved with the installation and configuration of our systems. Risk is spread by the use of multiple servers and a failover power source. Anti-virus & anti-malware software is used on all servers & computers, updated in real-time. Firewalls control unauthorised entry from the internet and web-filtering software prevents users from accessing unsafe websites. Staff are educated to avoid risks from phishing attacks backed up by regular simulations to ensure compliance. Mandatory training includes cyber security for all staff.*

**Clinical Quality Assurance**

Great importance is given by the trustees to the Hospice's clinical governance arrangements. The Clinical Quality and Governance Committee meets four times each year and monitors the activities of the sub-committees and receives detailed reports from Clinical Director, the Director of Quality and Governance and feedback from the Medical Consultants. In addition to providing an opportunity to thank the managers and their staff for their contributions to the success of the Hospice, the Committee is able to demonstrate engagement and accountability, to manage patient safety, to gain insight and to manage the risks facing the Hospice.

The Committee receives the minutes of the following Hospice committees and questions the relevant senior staff:

- The Infection Control Committee steers the Hospice's approach to infection prevention and control. Chaired by a Consultant Microbiologist from the local acute Trust, it meets between two and four times each year. Standing items for the Committee include sharps injury and bodily fluids exposure; alert organisms surveillance, water management, occupational health update, regulatory and best practice requirements.
- The Drugs and Therapeutics Committee focusses on all medicine issues including management of Control Drugs (CDs), Medicines Incident Analysis, staff competency, service and practice developments e.g. nurse prescribing and patient self-administration, policy and guideline review, and medical gases. Each meeting is attended by an independent pharmacist who also audits all aspects of medicines management every fortnight. The Chief Pharmacists from Merton and Sutton CCGs are invited to attend or send representatives, and receive the minutes of the committee's meetings as routine. The minutes are included in the Merton and Sutton Medicines Management Committee. To inform the management of medicines the Accountable Officer (CD AO) attends the regional Accountable Officer Local Intelligence Network meetings; incidents involving controlled drugs are discussed with the committee.
- Health and Safety Committee (which includes Water Quality as a regular agenda item) receives reports from managers involved in health and safety matters across the range of Hospice activities and reviews incidents to ensure good practice evolves and improves on a continual basis.

**St Raphael's Hospice**  
**Trustees' Report for the year ended 31st March 2023, continued**

**Care Quality Commission (CQC)**

The most recent inspection of the Hospice by the CQC was in November 2019. The subsequent report was published in April 2020. Whilst noting a number of areas of outstanding practice, the report also recommended that the carpet in the IPU be replaced and that the navigation of the electronic notes system be improved. Actions to comply with these recommendations have been taken and the flooring was renewed as part of a wider IPU refresh in late summer 2021. The complete text is available from the CQC website or via the CQC "widget" on the Hospice website's homepage.

We are pleased that the quality of care was recognised as being "Good" in all of the 5 domains of care; namely that our services are safe, effective, caring, responsive to people's needs and well-led.

**Complaints**

All complaints or comments about the service provided are taken very seriously by the Hospice. Complaints are dealt with in line with the Complaints Policy and are fully investigated and reflecting on complaints is one of the ways we seek to maintain standards and improve practices. All complaints are reported to the CQ&G Committee and onwards to the Board of Trustees. A new incident reporting system, Datix, was successfully launched in 2021. This has provided a simple and transparent mechanism for recording incidents across all parts of the charity, monitoring measures taken to address them and changes implemented to reduce risks of recurrence.

**Employees**

St. Raphael's Hospice is an Equal Opportunities Employer and applies objective criteria to assess merit. It aims to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, race, colour, nationality, religion, ethnic or national origin, gender, marital status, sexual orientation or disability.

Selection criteria and procedures are constantly reviewed to ensure that individuals are selected, promoted and treated on the basis of their relevant merits and abilities. All employees will be given equal opportunity and where appropriate and possible, special training to enable them to progress both within and outside the organisation. St. Raphael's Hospice is committed to a programme of action to make this policy effective and to ensure that it is brought to the attention of all employees.

The workforce is predominantly female with women making up 86% of the total (2021-22: 86%). This ratio is maintained amongst the upper pay quartile where 85% are women (2021-22: 88%). The "mean pay" for women is the same as for men (2021-22: women 6% above men). The "median pay gap" is -10% (2021-22: -32%) arising because a higher proportion of men (20% of the total - 2021-22: 23%) work within the lower pay quartile.

**Pay**

St Raphael's aligned clinical pay with AfC rates including the Outer London Weighting allowance with effect from October 2021. As a result the clinical pay is now on a par with our competitors in the market and is transparent and consistent across all clinical teams. This has enabled the charity to retain its experienced and specialist team and also recruit to vacancies when they arise, reducing the risk to our service delivery. Pay increases will follow the NHS settlements. For other staff the Remuneration Committee reviews the levels in the light of the prevailing market conditions and balances affordability with the need to retain and recruit skilled staff who can deliver on the strategy of EVE.

The annual pay review, which was prepared by the executive team and ratified by the Board on 7 February 2023, affected only non-clinical staff members as the clinical team had been aligned to AfC rates and increments. In the face of inflation which was running at a rate of around 10% generally and where the recruitment market was difficult across all sectors, a 5% award was agreed (2021-22: 5%).

Staff on the lowest wages received a higher award equivalent, to 7.8% (2021-22: 15%). This moved the lowest pay level from £10.25 to £11.05 (2021-22: from £8.91 to £10.25) and beyond the latest Government minimum living wage of level £10.42. This was done in recognition of the vital role played by all members of our team and the high cost of living in the outer London area.

**Employee profile**

At the year end the Hospice had 141 contracted employees (2021-22: 132) of whom 51 were full time and 90 part-time (2021-22: 48 and 74). The Hospice also has 28 active bank staff who do not want to commit to working specific regular hours and are offered work as and when the need arises (2021-22: 30).

The age profile of Hospice clinical staff is shown in the table below. There remain a high proportion who may choose to retire in the coming five years but the risk that this has posed is diminished as recruitment has become more reliable.

Clinical Staff By Age	under 33	33-42	43-52	53-62	63 and over
As at 31 March 2023	7	9	19	22	4
As at 31 March 2022	6	9	21	19	4
As at 31 March 2021	5	9	18	27	2
As at 31 March 2020	5	6	16	30	4

**St Raphael's Hospice**  
**Trustees' Report for the year ended 31st March 2023, continued**

**Volunteers**

St Raphael's Hospice relies on a large number of volunteers who freely contribute their time and expertise. They impact and add value to all areas of our work and this is hugely appreciated. Following the decline during the pandemic we are delighted that numbers and overall contribution is on the increase and we are particularly heartened by the growth in the numbers of patient-facing, wellness and retail volunteers. We estimate 735 volunteer roles undertaken in the year amounting to 51,321 hours of given time (2021-22: 669 roles and 34,337 hours). This provides an estimated financial value of between £700,000 and £800,000 (2021-22: between £400,000 and £500,000), an extraordinary achievement.

The breakdown of volunteer roles for the Hospice activity the year was as follows:

<b>Volunteer Numbers</b>	<b>2022-23</b>	<b>2021-22</b>
Reception	41	38
Office and Administration	24	28
Ward and Patient-facing	24	10
Flowers and Gardens	20	12
Psychological Support	18	14
Hospice Neighbours and Biographers	24	21
Orangery Café	14	14
Trustees and Committees	15	14
Training and Mentoring	2	3
Wellness Volunteers	28	7
Occasional Volunteers	19	45
<b>Hospice Total</b>	<b>229</b>	<b>206</b>
Shops	208	167
Fundraising Administration	4	7
<b>Subtotal</b>	<b>441</b>	<b>380</b>
Supporter Groups and Events	62	66
Occasional Events Volunteers	232	223
<b>Total</b>	<b>735</b>	<b>669</b>

**Fundraising**

In order to address the increasing need to raise additional funding, St Raphael's Hospice took the decision to create two new roles from the pre-existing Director of Income Generation role and Donor Development Manager role. The Commercial Director takes charge of driving the growth of our retail and lottery activity and the Director of Fundraising and Communications is charged with the same for donations and legacies. We also have two commercial contracts with third-party fundraisers. Salvia Fundraising acts on our behalf by fundraising from Trusts, Foundations and The Big Lottery Fund (contract ended July 2023 when we recruited to an in-house role) whilst Sterling Lotteries runs our weekly draw and our two raffle draws each year. At the end of this reporting year we had 6,577 weekly lottery plays (2021-22: 7,011). Since the year end we have entered into a contract with Britevox Ltd to recruit players to our lottery. Britevox are licensed and regulated by the Gambling Commission.

St Raphael's Hospice Community Fundraising Team also manages 7 volunteer Supporter Groups (2020-21: 8). These are committees which fundraise in their local area on behalf of the Hospice by organising events, attending fairs, placing collection cans, banking funds and supporting Hospice-run activities. The groups currently contain 62 members (2021-22: 66). They are all issued with an information pack which includes a banner, leaflets etc. This contains guidance including how each group should be run, what support to expect from the Community Fundraisers, the process of joining a group, suggested areas of activity and what is expected from members, how to bank funds and the process of distributing collection cans. Each Supporter Group member receives a photo ID badge to allow them to fundraise and collect legally on behalf of St Raphael's.

We are signed up to the Institute of Fundraising and we follow its Code of Practice, whilst also complying with the Charity Commission guidance, "CC20: Charity Fundraising". During the period of this report there were no complaints or reported failures in compliance with the Fundraising Regulator or other regulatory bodies (2021-22: none).

St Raphael's also benefits from the support of individual fundraisers who carry out activities in aid of the Hospice. At first point of contact they are asked to complete an online event form to ensure contact details are retained and intentions are made clear. A fundraising pack is sent which includes legal advice, e.g. gambling laws surrounding raffles. The office keeps in regular communication with these fundraisers and ensures funds raised are received by the Hospice as swiftly as possible.

## St Raphael's Hospice

### Trustees' Report for the year ended 31st March 2023, continued

#### *Fundraising, continued*

There were no complaints received in the period to be reported to the Gambling Commission in our return (2021-22: none).

We have continued to ensure that we protect vulnerable people from undue pressure to donate or support our charitable work we adhere to the following Fundraising Promise:

- We will always tell you about how you are making a difference to the lives of our patients, their families and friends
- We will always take action if others acting on our behalf fail to meet our high standards.
- We will never phone you unless you have expressed an interest in our work
- We will always check first that you are happy to speak to us when we phone
- We will never sell your data to anyone else or share it without your permission
- If you tell us you don't want to hear from us again, or want to hear from us less, we will always respect that

#### *Auditors*

Haysmacintyre LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006, unless the company receives notice under section 488(1) of the Companies Act 2006.

#### *Trustees' responsibilities statement*

The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom General Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of its income and expenditure for each period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company which enables them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that:

- So far as they are aware, there is no relevant audit information of which the charitable company's auditor is unaware;
- They have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### *Approved by the Board of Trustees and signed on its behalf by:*

Norman McWhinney: Chair

Date:

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Independent auditor's report to the members of St Raphael's Hospice**

**Opinion**

We have audited the financial statements of St Raphael's Hospice for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK 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 charitable company's affairs as at 31 March 2023 and of the charitable company's net movement in funds, including the 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 charity 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 statements 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 charitable company's ability to continue as a going concern for a period of at least twelve 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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Independent auditor's report to the members of St Raphael's Hospice, continued**

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the 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 for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 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 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 charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Care Quality Commission, Charity Commission, Gambling Commission, Fundraising Regulations, Employment Law and GDPR, 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 and the Charities Act 2011, and consider other factors such as income tax, payroll tax and sales tax.

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 to posting inappropriate journal entries to revenue, management bias in accounting estimates and the statement of opening balances. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Independent auditor's report to the members of St Raphael's Hospice, continued**

**Auditor's responsibilities for the audit of the financial statements, continued**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. 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](http://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.

Siobhan Holmes (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditor  
10 Queen Street Place  
London  
EC4R 1AG

Date:

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Statement of Financial Activities including an income and expenditure account**

	Notes	Unrestricted			Total funds Year to 31 March 2023 £'000	Total funds Year to 31 March 2022 £'000
		General fund £'000	Designated fund £'000	Restricted funds £'000		
<b>Income and expenditure</b>						
<b>Income from:</b>						
Donations and legacies	2	3,447	-	352	<b>3,799</b>	3,466
Other trading activities	3	1,787	-	-	<b>1,787</b>	1,533
Investments		96	-	-	<b>96</b>	4
Charitable activities						
Clinical Commissioning Groups	4	1,632	-	66	<b>1,698</b>	2,265
Other income	4	87	-	-	<b>87</b>	298
<b>Total income</b>		<b>7,049</b>	<b>-</b>	<b>418</b>	<b>7,467</b>	<b>7,566</b>
<b>Expenditure on:</b>						
Raising funds	5	2,500	-	-	<b>2,500</b>	2,406
Charitable activities	6	4,875	-	385	<b>5,260</b>	4,596
<b>Total expenditure</b>		<b>7,375</b>	<b>-</b>	<b>385</b>	<b>7,760</b>	<b>7,002</b>
Net gains / (losses) on investments	11	(103)	-	-	<b>(103)</b>	17
<b>Net income / (expenditure) before transfers</b>		<b>(429)</b>	<b>-</b>	<b>33</b>	<b>(396)</b>	<b>581</b>
Transfers between funds	15-16	48	76	(124)	-	-
<b>Net movement in funds</b>		<b>(381)</b>	<b>76</b>	<b>(91)</b>	<b>(396)</b>	<b>581</b>
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 April 2022		4,396	1,176	300	<b>5,872</b>	5,291
Fund balances carried forward at 31 March 2023	15-17	4,015	1,252	209	<b>5,476</b>	5,872

All of the charity's activities during the above two financial periods derived from continuing operations. A full comparative statement of financial activities is shown at note 23 to the financial statements.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Balance Sheet**

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Tangible assets	10		842		725
Fixed Asset Investments	11		1,981		2,017
			<b>2,823</b>		<b>2,742</b>
<b>Current assets</b>					
Debtors	12	1,406		1,978	
Cash at bank and in hand		3,682		4,356	
		<b>5,088</b>		<b>6,334</b>	
<b>Creditors:</b> amounts falling due within one year	13	<b>(1,532)</b>		<b>(1,551)</b>	
<b>Net current assets</b>			<b>3,556</b>		<b>4,783</b>
<b>Creditors:</b> amounts falling due after more than one year	13		<b>(903)</b>		<b>(1,653)</b>
<b>Total net assets</b>			<b>5,476</b>		<b>5,872</b>
<b>Represented by:</b>					
<b>Funds and reserves</b>					
Income funds					
Restricted funds	15		209		300
Unrestricted funds					
Designated funds	16		1,252		1,176
General fund	17		4,015		4,396
<b>Total funds</b>			<b>5,476</b>		<b>5,872</b>

Approved by the Board of Trustees on:

and signed on its behalf by Mr Norman McWhinney (Chair):

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Statement of Cash Flows**

	Notes	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Net cash provided by operating activities	A	(440)	64
<b>Cash flows from investing activities:</b>			
Investment income		96	4
Purchase of tangible fixed assets		(263)	(332)
Purchase of investments		(67)	(2,000)
<b>Net cash provided by (used in) investing activities</b>		<b>(234)</b>	<b>(2,328)</b>
<b>Change in cash and cash equivalents in the year</b>	B	<b>(674)</b>	<b>(2,264)</b>
<b>Cash and cash equivalents at 1 April 2022</b>	B	<b>4,356</b>	<b>6,620</b>
<b>Cash and cash equivalents at 31 March 2023</b>	B	<b>3,682</b>	<b>4,356</b>

**A: Reconciliation of net movement in funds to net cash provided by operating activities**

		Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
<b>Net movement in funds (as per the statement of financial activities)</b>		<b>(396)</b>	<b>581</b>
<b>Adjustments for:</b>			
Depreciation charge / amounts written off		146	169
Investment income		(96)	(4)
Net loss/(gain) on investments		103	(17)
Decrease in debtors		572	108
(Decrease) in creditors		(769)	(773)
<b>Net cash provided by operating activities</b>	A	<b>(440)</b>	<b>64</b>

**B: Analysis of changes in net debt**

	2022 £'000	Cash flows £'000	2023 £'000
Cash at bank and in hand	4,356	(674)	<b>3,682</b>
Borrowings and debt	-	-	-
<b>Total</b>	<b>4,356</b>	<b>(674)</b>	<b>3,682</b>

**St Raphael's Hospice  
Annual Report and Financial Statements  
For the year ended 31st March 2023**

**Notes to the Financial Statements**

**1 Accounting Policies**

**General Information**

St Raphael's Hospice is a private company limited by guarantee in England and Wales (company number 11732567) and a charity registered in England and Wales (charity number 1182636). The registered office is St Raphael's Hospice, London Road, Cheam, SM3 9DX.

**Basis of accounting**

The financial statements have been prepared for the year ended 31 March 2023.

The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value, unless otherwise stated in the relevant accounting policy note.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102, updated 2019) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

St Raphael's Hospice is a charity which is a public benefit entity as defined in FRS 102.

The financial statements are prepared in sterling and are rounded to the nearest thousand pounds.

**Critical accounting estimates and areas of judgement**

The most significant areas of adjustment and key assumptions that affect items in the financial statements are in respect of:

- the recognition and deferral of income;
- assessing the probability of receiving legacies of which the Charity has been notified;
- estimating the value of the gift in kind of properties occupied under a peppercorn rental agreement with the Congregation of the Daughters of the Cross of Liege;

**Assessment of going concern**

As stated in the Trustees' Report, the trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements and they have made this assessment in respect of a period one year from the date of the approval of these financial statements.

The trustees have considered the impact of the current and projected economic and inflationary uncertainties on the Hospice's operations, with a particular focus on its effect on the Hospice's financial position including the Hospice's income, expenditure and reserves. Whilst the Hospice is reliant upon the generosity of the community of Merton and Sutton in order to raise sufficient funding and is conscious of the impact of the economic environment on people's ability to be generous, it is felt that it has sufficient cash resources to continue operations for the foreseeable future.

The trustees have concluded that there are no material uncertainties related to events or conditions that would cast significant doubt on the ability of St Raphael's Hospice to continue as a going concern. This is because they believe that they have sufficient reserves and resources to withstand any temporary drop in income or any additional unexpected liability.

**Income recognition**

Income comprises donations, legacies, gifts in kind for donated services and facilities, lottery income, income from retail sales, grants from Clinical Commissioning Groups and other organisations together with, in 2021-22, the Government's Coronavirus Job Retention Scheme and the NHSE Covid Hospice Support Grant.

Income is recognised in the period in which the charity is entitled to receipt, the amount can be measured reliably and it is probable that the funds will be received.

Donations and transfers from other registered charities amounting to donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

**St Raphael's Hospice**  
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**Notes to the Financial Statements, continued**

**1 Accounting Policies, continued**

**Income recognition, continued**

Legacies are included in the statement of financial activities when there has been a grant of probate, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Lottery income is recognised during the period in which the lottery draw is held.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Grants from government, other agencies and voluntary bodies have been included as income from charitable activities where these are akin to a contract for services, but as donations where the money is given in response to an appeal or with greater freedom of use, for example monies for core funding.

Income from retail grants, (including the Coronavirus Job Retention Scheme) is credited to the statement of financial activities when the Charity is entitled to receive the funds and when the amount receivable can be quantified.

Shop income arises from the sales of donated goods at charity shops within the Surrey and Greater London areas. Donated goods are normally distributed very soon after receipt by the charity. Stocks held at the reporting date are immaterial. Under these circumstances, the cost of valuing all donated goods upon receipt by the charity outweighs the benefit to the users of the accounts of providing this information. Consequently, donated goods are included within income when sold or distributed and no value is placed on stock of such items at the year end.

In accordance with the Charities SORP FRS 102 no financial valuation of volunteer time is recognised in these financial statements, refer to the 'Volunteers' section of the Annual Report for further details.

Deferred income includes a cash grant given by the Congregation of Daughters of the Cross of Liège towards strategic investment in the new charity. This was granted as part of the transfer arrangements in order to bridge the anticipated funding gap that will arise over a period of five or more years as the charity invests in its strategy of "EVE" (excellence, visibility and engagement). The deferred income will be released to the Statement of Financial Activity in line with its use.

**Donated services and facilities**

Donated services and facilities are recognised in income and expenditure when the charity has control over the item, conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that the economic benefit can be measured reliably.

The charity benefits from the use of the hospice buildings and grounds which are leased to it by the Congregation of the Daughters of the Cross of Liege at a peppercorn rent. The value of this gift in kind has been estimated by the trustees following the receipt of professional valuations for the market rent of the administrative building (759 London Road) and the St Bede's Conference Centre and the capital value of the hospice building and grounds. A 5% rate of return on the capital value has been used to estimate the annual rental value.

The trustees consider that the valuation of goods donated for resale at the point of receipt is impractical due to the high volume of low value items and the administrative costs involved in valuation. Goods donated for resale are therefore recognised at the point of resale.

**Expenditure and the basis of apportioning costs**

Expenditure is recognised once there is a legal or constructive obligation to transfer resources to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and includes any VAT that cannot be recovered under the s33c VAT refund scheme. This scheme is specific to charities which are wholly operating as Hospices and allows recovery of VAT incurred on the non-business activities (hospice service delivery and most fundraising) as well as the usual business activities (retail etc). In turn that allows for a high proportion recovery of VAT on "apportioned activity", that which serves to support the entire enterprise. VAT cannot be recovered on exempt activity (events, education and lottery).

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Notes to the Financial Statements, continued**

**1 Accounting Policies, continued**

**Expenditure and the basis of apportioning costs, continued**

Expenditure comprises the following:

- a. The cost of raising funds includes fundraising and publicity expenditure which comprises costs associated with fundraising and shop overheads, publicity, advertising and event staging. It also includes a share of support costs, including governance costs.
- b. The cost of charitable activities comprises all the costs of operating the Hospice, including all staff, supplies and property costs. It also includes a share of support costs, including governance costs.

**Tangible fixed assets**

Tangible fixed assets are shown on the balance sheet at cost, less accumulated depreciation.

All assets which cost in excess of £5,000 and have an expected useful life exceeding one year are capitalised.

Depreciation is calculated at the following annual rates on a straight-line basis in order to write off each asset over its estimated useful life:

- |                                |             |
|--------------------------------|-------------|
| • Computer and other equipment | 20 - 33.33% |
| • Shop fixtures and fittings   | 33%         |
| • Motor vehicles               | 25%         |

Improvements to long leasehold property is depreciated evenly over the period of the lease.

**Fund accounting and Reserves Policy**

Any restricted funds are monies raised for, and their use restricted to, a specific purpose or are donations subject to donor-imposed conditions. The restricted reserve comprises the unspent element of all the individual restricted funds.

The designated funds are those which represent the net book value of tangible fixed assets which are used in the day to day work of the Hospice and amounts set aside for fixed asset acquisitions in the next twelve months, and hence, are unavailable for working capital commitments. Designated funds may also be set aside for a specific purpose designated by the trustees. This designation can be changed by the trustees and hence the designated fund is unrestricted.

The general fund represents free reserves are that element of unrestricted funds which are available for future spending and are therefore calculated by taking the total unrestricted funds of the charity and deducting any balances not available for future spending, including designated funds which have been set aside by the trustees for a particular purpose.

The trustees have decided that the required level of free reserves should be between three and six months' operating expenditure. Further details can be seen in the Annual Report.

**Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease term.

**Debtors**

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount paid in advance. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash**

Cash is held in bank accounts or in hand and money available on demand or term deposits with an expiry date within three months of the balance sheet date.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
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**Notes to the Financial Statements, continued**

**1 Accounting Policies, continued**

**Creditors**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount St Raphael's Hospice anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Pension Costs**

St Raphael's Hospice operates a defined contribution pension scheme. The amounts charged represent the employers' contributions payable to the scheme in the year.

St Raphael's Hospice also participates in the NHS pension scheme, a defined benefit scheme which is underwritten by the UK Treasury. The liabilities of the scheme are not calculated and there is no attribution of liability to the participant organisations, including the Hospice. Accordingly, the contributions are accounted for as if it were a defined contribution pension scheme.

**Employee Costs**

St Raphael's Hospice holiday year operates from April to March. A week's worth of holiday that is earned in one year but not utilised in that year can be carried over to the following year. The cost to the charity of that holiday carry-over is estimated and accrued in the financial statements.

St Raphael's Hospice values the loyal service of its staff and makes an award to staff who attain ten years of service. The award is repeated and enhanced at five year intervals thereafter. The potential cost to the charity is calculated for all staff who have reached the end of their fifth year of service in proportion to the time worked towards the next award milestone.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
**For the year ended 31st March 2023**

**Notes to the accounts, continued**

**2 Donations and legacies**

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2023</b> £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<b>Total 2022</b> £'000
Donations	1,800	82	<b>1,882</b>	1,416	247	1,663
Gifts in kind	-	270	<b>270</b>	-	270	270
Legacies	1,647	-	<b>1,647</b>	1,533	-	1,533
<b>Total</b>	<b>3,447</b>	<b>352</b>	<b>3,799</b>	<b>2,949</b>	<b>517</b>	<b>3,466</b>

Gifts in Kind include a donation from the Congregation of the Daughters of the Cross of Liège which represents the estimated market value of the lease of the land and buildings used by the charity, provided by the Congregation at no cost to the charity. The market value of the rent for the property has been estimated at £270,000 for the year (2022 – £270,000). The estimated value has been recognised within income as a donation, and an equivalent charge included within support costs.

In addition, the Hospice enjoys the benefit of volunteers for help in the running of the Hospice, fundraising and the shops. In accordance with the accounting policy, the value of these benefits has not been reflected in the financial statements.

**3 Other trading activities**

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2023</b> £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<b>Total 2022</b> £'000
Lottery income	368	-	368	423	-	423
Retail sales and related income	1,419	-	1,419	1,110	-	1,110
	<b>1,787</b>	<b>-</b>	<b>1,787</b>	<b>1,533</b>	<b>-</b>	<b>1,533</b>

**4 Income from charitable activities**

	Unrestricted funds £'000	Restricted funds £'000	<b>Total 2023</b> £'000	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<b>Total 2022</b> £'000
CCG service funding	1,632	-	<b>1,632</b>	1,615	-	1,615
CCG Local COVID-19 funding	-	-	-	-	500	500
CCG Grants	-	66	<b>66</b>	-	150	150
<b>Income from Clinical Commissioning Groups (CCGs)</b>	<b>1,632</b>	<b>66</b>	<b>1,698</b>	<b>1,615</b>	<b>650</b>	<b>2,265</b>
NHS England COVID-21 funding	10	-	<b>10</b>	-	247	247
Coronavirus Job Retention Scheme	-	-	-	25	-	25
Other	77	-	<b>77</b>	26	-	26
<b>Other Income</b>	<b>87</b>	<b>-</b>	<b>87</b>	<b>51</b>	<b>247</b>	<b>298</b>

**5 Expenditure on Raising Funds**

Year ended 31 March 2023	Staff Costs	Other Costs	Support Costs	Total	of the total being	
	£'000	£'000	£'000	£'000	Unrestricted £'000	Restricted £'000
Fundraising	451	280	142	873	873	-
Lottery	22	147	11	180	180	-
Charity Shops	607	594	246	1,447	1,447	-
	<b>1,080</b>	<b>1,021</b>	<b>399</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>

**St Raphael's Hospice**  
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**Notes to the accounts, continued**

**5 Expenditure on Raising Funds, continued**

<i>Year ended 31 March 2022</i>	<i>Staff Costs</i>	<i>Other Costs</i>	<i>Support Costs</i>	<i>Total</i>	<i>of the total being</i>	
					<i>Unrestricted</i>	<i>Restricted</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Fundraising</i>	460	250	139	849	849	-
<i>Lottery</i>	43	146	10	199	199	-
<i>Charity Shops</i>	498	626	234	1,358	1,358	-
	<b>1,001</b>	<b>1,022</b>	<b>383</b>	<b>2,406</b>	<b>2,406</b>	<b>-</b>

**6 Expenditure on Charitable activities**

<i>Year ended 31 March 2023</i>	<i>Staff Costs</i>	<i>Other Costs</i>	<i>Support Costs</i>	<i>Total</i>	<i>of the total being</i>	
					<i>Unrestricted</i>	<i>Restricted</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Hospice In-Patient Unit</i>	1,741	589	395	2,725	2,534	191
<i>"Hospice at Home" Community team</i>	1,396	96	210	1,702	1,622	80
<i>Psychological Support team</i>	195	22	29	246	206	40
<i>Education</i>	75	38	19	132	130	2
<i>Orangery</i>	27	89	26	142	108	34
<i>Volunteers</i>	89	23	20	132	125	7
<i>Wellbeing Centre</i>	90	55	36	181	150	31
	<b>3,613</b>	<b>912</b>	<b>735</b>	<b>5,260</b>	<b>4,875</b>	<b>385</b>

<i>Year ended 31 March 2022</i>	<i>Staff Costs</i>	<i>Other Costs</i>	<i>Support Costs</i>	<i>Total</i>	<i>of the total being</i>	
					<i>Unrestricted</i>	<i>Restricted</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Hospice In-Patient Unit</i>	1,464	531	373	2,368	1,716	652
<i>"Hospice at Home" Community team</i>	1,190	91	201	1,482	1,164	318
<i>Psychological Support team</i>	151	19	29	199	84	115
<i>Education</i>	86	34	18	138	129	9
<i>Orangery</i>	19	84	24	127	93	34
<i>Volunteers</i>	81	20	18	119	112	7
<i>Wellbeing Centre</i>	76	53	34	163	141	22
	<b>3,067</b>	<b>832</b>	<b>697</b>	<b>4,596</b>	<b>3,439</b>	<b>1,157</b>

Net Income is stated after charging	<b>£'000</b>
Auditor's remuneration	
Statutory Audit	18
Staff costs	5,461
Lease rental costs	317
Depreciation	146

See note 7 for an analysis of Support Costs which are allocated across activities on the following basis:

- Facilities costs – based on hospice floorspace with a portion to income generating activity.
- Quality costs – based on hospice headcount with a portion to income generating activity.
- Other Support costs – based on the headcount of each activity.

**St Raphael's Hospice**  
**Annual Report and Financial Statements**  
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**Notes to the accounts, continued**

**7 Staff costs**

<b>Charitable Activities</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Agency</b>	<b>Other</b>	<b>Total</b>
<b>Year ended 31 March 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Hospice In-Patient Unit	1,385	133	90	133	-	1,741
"Hospice at Home" Community team	1,151	125	120	-	-	1,396
Psychological Support team	171	18	6	-	-	195
Education	65	6	4	-	-	75
Orangery	26	1	0	-	-	27
Volunteers	80	7	2	-	-	89
Wellbeing Centre	82	5	3	-	-	90
	<b>2,960</b>	<b>295</b>	<b>225</b>	<b>133</b>	<b>-</b>	<b>3,613</b>

<b>Income Generation</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Agency</b>	<b>Other</b>	<b>Total</b>
<b>Year ended 31 March 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fundraising	393	42	16	-	-	451
Lottery	20	1	1	-	-	22
Retail Shops	553	41	13	-	-	607
	<b>966</b>	<b>84</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>1,080</b>

<b>Support Team</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Total Staff Costs</b>	<b>Non-Staff Costs</b>	<b>Total Support Cost</b>
<b>Year ended 31 March 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Executive Office and Communications	202	26	12	240	216	456
HR	91	9	4	104	43	147
IT and Facilities	226	24	8	258	79	337
Finance	74	7	4	85	24	109
Quality	70	7	4	81	4	85
	<b>663</b>	<b>73</b>	<b>32</b>	<b>768</b>	<b>366</b>	<b>1,134</b>

<b>Charitable Activities</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Agency</b>	<b>Other</b>	<b>Total</b>
<b>Year ended 31 March 2022</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Hospice In-Patient Unit	1,175	102	69	118	-	1,464
"Hospice at Home" Community team	988	102	100	-	-	1,190
Psychological Support team	133	13	5	-	-	151
Education	73	7	6	-	-	86
Orangery	19	0	0	-	-	19
Volunteers	73	6	2	-	-	81
Wellbeing Centre	70	4	2	-	-	76
	<b>2,531</b>	<b>234</b>	<b>184</b>	<b>118</b>	<b>-</b>	<b>3,067</b>

<b>Income Generation</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Agency</b>	<b>Other</b>	<b>Total</b>
<b>Year ended 31 March 2022</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fundraising	404	38	16	-	2	460
Lottery	38	3	2	-	-	43
Retail Shops	457	31	10	-	-	498
	<b>899</b>	<b>72</b>	<b>28</b>	<b>-</b>	<b>2</b>	<b>1,001</b>

**St Raphael's Hospice**  
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**Notes to the accounts, continued**

**7 Staff costs, continued**

<b>Support Team</b>	<b>Salaries</b>	<b>NIC</b>	<b>Pensions</b>	<b>Total Staff Costs</b>	<b>Non-Staff Costs</b>	<b>Total Cost</b>
<b>Year ended 31 March 2022</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Executive Office and Communications	256	29	11	296	175	471
HR	76	7	4	87	38	125
IT and Facilities	203	20	8	231	79	310
Finance	66	6	4	76	23	99
Quality	62	6	4	72	2	74
	<b>663</b>	<b>68</b>	<b>31</b>	<b>762</b>	<b>317</b>	<b>1,079</b>

In common with other Hospices, St Raphael's employs experienced Specialty Doctors and Specialist Palliative Care Consultants on standard NHS rates of pay and this is reflected in the higher paid employees report. The CEO is not the highest paid employee.

The number of employees who earned £60,000 per annum or more (including benefits) during the year was as follows:

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	3	4
£70,001 - £80,000	4	2
£80,001 - £90,000	2	2
£90,001 - £100,000	1	-

During the year the charity made no payments in respect of redundancies (2022: 2, £14,454) or other terminations of employment (2022: 3, £16,596).

**Key management personnel**

Key management personnel comprised the trustees, the CEO, the Clinical Director, the Director of Fundraising and Communications, the Commercial Director and the Director of IT & Estates together with our three specialist palliative care consultants. One of the consultants takes the role of lead consultant on a rotational basis and is a member of the Executive Committee of the Hospice. They are not included in the key management personnel costs shown below.

None of the trustees received any remuneration in respect of their services during the year (2022: £nil). No out of pocket expenses were reimbursed to trustees during the year (2022: £nil).

The total employment cost (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel of the charity were £445,020 (2022: £371,805).

**8 Staff numbers**

<b>Year ended 31 March 2023</b>	<b>Headcount</b>	<b>FTE</b>	<b>Headcount</b>	<b>FTE</b>
	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
Hospice In-Patient Unit	37	23	36	23
"Hospice at Home" Community team	25	19	26	19
Psychological Support team	4	3	3	2
Education & Quality	4	2	2	1
Volunteers	1	1	2	1
Wellbeing Centre	4	3	4	2
Housekeeping and Orangery	16	7	19	8
Hospice administration	11	6	7	4
Medical team	6	5	7	5
<b>Charitable Activities</b>	<b>108</b>	<b>69</b>	<b>106</b>	<b>65</b>
Fundraising	11	9	14	13
Lottery	1	1	1	1
Retail Shops	31	24	27	22
<b>Income Generation</b>	<b>43</b>	<b>34</b>	<b>42</b>	<b>36</b>
Support Services	13	10	11	10
Executive and Finance	5	4	8	6
<b>Support Services</b>	<b>18</b>	<b>14</b>	<b>19</b>	<b>16</b>
<b>All Staff</b>	<b>169</b>	<b>117</b>	<b>167</b>	<b>117</b>

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**Notes to the accounts, continued**

**8 Staff numbers, continued**

Year ended 31 March 2023	Headcount	FTE	Headcount	FTE
	2023	2023	2022	2022
Permanent full time	51	51	50	50
Permanent part time	90	57	87	55
"Bank" variable hours	28	9	30	12
	<b>169</b>	<b>117</b>	<b>167</b>	<b>117</b>

In addition to our paid staff, St Raphael's Hospice benefitted from the support volunteers who contributed their time to cover 735 roles (2022: 669). Volunteer time is not accounted for in these financial statements.

**9 Taxation**

St. Raphael's Hospice is a registered charity and therefore benefits from not being liable for income tax or corporation tax on income derived from its charitable activities. As a Hospice it has taken advantage of the s33c VAT allowances which enable it to reclaim a large portion of its VAT paid. At the end of the year a refund is due for £48,000 (2022: £69,000) and this is included within debtors.

**10 Tangible fixed assets**

	Site Leasehold Improvements	Computer and other Equipment	Shop Fixtures and Fittings	Motor Vehicles	Retail Leasehold Improvement	Assets under Construction	Total 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>							
At 1 April 2022	308	577	45	54	144	42	<b>1,170</b>
Transfer between classes	66	-	-	-	-	(66)	-
Additions	22	24	-	29	47	141	<b>263</b>
Disposals/Written-off	-	-	-	-	-	-	-
At 31 March 2023	<b>396</b>	<b>601</b>	<b>45</b>	<b>83</b>	<b>191</b>	<b>117</b>	<b>1,433</b>
<b>Depreciation</b>							
At 1 April 2022	10	330	28	21	56	-	445
Charge in year	13	78	9	13	33	-	146
Eliminated on disposal / write-off	-	-	-	-	-	-	-
At 31 March 2023	<b>23</b>	<b>408</b>	<b>37</b>	<b>34</b>	<b>89</b>	-	<b>591</b>
<b>Net book values</b>							
At 31 March 2023	<b>373</b>	<b>193</b>	<b>8</b>	<b>49</b>	<b>102</b>	<b>117</b>	<b>842</b>
At 31 March 2022	<b>298</b>	<b>247</b>	<b>17</b>	<b>33</b>	<b>88</b>	<b>42</b>	<b>725</b>

The land and buildings that are occupied by St Raphael's Hospice are owned by The Congregation of the Daughters of the Cross of Liège and are leased to the charity at a peppercorn rental. The value of the gift in kind is recognised in these financial statements, as described in the principal accounting policies at note 1.

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**Notes to the accounts, continued**

**10 Tangible fixed assets, continued**

	<i>Site Leasehold Improvements</i>	<i>Computer and other Equipment</i>	<i>Shop Fixtures and Fittings</i>	<i>Motor Vehicles</i>	<i>Retail Leasehold Improvements</i>	<i>Assets under Construction</i>	<b>Total 2022</b>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<b>£'000</b>
<b>Cost or valuation</b>							
<i>At 1 April 2021</i>	49	537	45	44	184	19	<b>878</b>
<i>Transfer between classes</i>	233	-	-	-	-	(233)	-
<i>Additions</i>	26	40	-	10	-	256	<b>332</b>
<i>Disposals/Written-off</i>	-	-	-	-	(40)	-	<b>(40)</b>
<i>At 31 March 2022</i>	<b>308</b>	<b>577</b>	<b>45</b>	<b>54</b>	<b>144</b>	<b>42</b>	<b>1,170</b>
<b>Depreciation</b>							
<i>At 1 April 2021</i>	2	247	19	8	40	-	<b>316</b>
<i>Charge in year</i>	8	83	9	13	36	-	<b>149</b>
<i>Eliminated on disposal / write-off</i>	-	-	-	-	(20)	-	<b>(20)</b>
<i>At 31 March 2022</i>	<b>10</b>	<b>330</b>	<b>28</b>	<b>21</b>	<b>56</b>	<b>-</b>	<b>445</b>
<i>At 31 March 2022</i>	<b>298</b>	<b>247</b>	<b>17</b>	<b>33</b>	<b>88</b>	<b>42</b>	<b>725</b>
<i>At 31 March 2021</i>	<b>47</b>	<b>290</b>	<b>26</b>	<b>36</b>	<b>144</b>	<b>19</b>	<b>562</b>

**11 Investments**

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<b>£'000</b>	<b>Units 000's</b>	<b>£'000</b>	<b>Units 000's</b>
<b>Marketable investments</b>				
<b>Sarasin Endowments Fund</b>				
Market value at start of year	1,417	1,163	-	-
Net additions at cost	638	542	1,400	1,163
Net gain/(loss) on revaluation/disposal	(103)	-	17	-
Market value at 31 March	<b>1,952</b>	<b>1,705</b>	<b>1,417</b>	<b>1,163</b>
<b>Liquid Assets</b>				
<b>ICS-Sterling Liquidity Fund</b>				
Market value at start of year	600	6	-	-
Investment Income	52	-	-	-
Net additions at cost	-	-	1,400	13
Disposals at market value	(638)	(6)	(800)	(7)
Market value at 31 March	<b>14</b>	<b>-</b>	<b>600</b>	<b>6</b>
<b>Total investments</b>	<b>1,966</b>	<b>1,705</b>	<b>2,017</b>	<b>1,163</b>
<b>Cost at 31 March</b>	<b>2,052</b>	<b>1,705</b>	<b>2,000</b>	<b>1,163</b>
<b>Marketable investments comprise</b>				
Fixed Income	290		99	
Equities	1,292		986	
Property	86		79	
Alternative Investments	242		179	
Short term deposits and cash	56		674	
	<b>1,966</b>		<b>2,017</b>	

During the financial year the Hospice was bequeathed the freeholds of two flats. These freeholds were valued at £15,000 and this sum has been treated as legacy income received in the year and the asset value recorded as Fixed Asset Investment on the Balance Sheet.

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**12 Debtors**

	<b>2023</b>	2022
	<b>£'000</b>	<b>£'000</b>
Legacies receivable	979	992
Prepayments	215	206
VAT receivable	55	69
NHSE COVID-19 Hospice Support Grant	-	153
CCG local COVID-19 Funding and other CCG grants	-	440
Other Debtors	157	118
	<b>1,406</b>	<b>1,978</b>

**13 Creditors**

	<b>2023</b>	2022
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year</b>		
Trade creditors	55	115
Social security and other taxes	103	100
Other creditors and accruals	294	245
Deferred income release of DoC grant	1,000	1,000
Lottery deferred Income	57	62
Other deferred Income	23	24
Provision for onerous lease commitments	-	5
	<b>1,532</b>	<b>1,551</b>

**Amounts falling due after more than one year**

	<b>2023</b>	2022
	<b>£'000</b>	<b>£'000</b>
Deferred income release of DoC grant	903	1,653
	<b>903</b>	<b>1,653</b>

**14 Deferred Income**

	<b>2023</b>	<b>2023</b>	<b>2023</b>	2022
	<b>DoC Grant</b>	<b>Other</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Brought forward at 1 April 2022	2,653	86	2,739	3,425
Introduced in the year	-	2,379	2,379	796
Released during the year	(750)	(2,385)	(3,135)	(1,482)
Carried forward at 31 March 2023	<b>1,903</b>	<b>80</b>	<b>1,983</b>	<b>2,739</b>

A cash grant of £3.6m was given by the Congregation of Daughters of the Cross of Liège (DoC) in 2020 towards the five year strategic plan for the charity and has been included in deferred income. This will be released to the Statement of Financial Activity (SOFA) in line with the conditions of its use, as stipulated in the transfer arrangement between the Congregation and the charity. A sum of £750k was released to the SOFA in the current year (2022: £667k) and the release of a further £1m has been budgeted for the year to 31st March 2024 and is shown as "Creditors; amounts due in under one year" at note 13, above. The remaining balance of £0.9m is included under "Creditors; amounts due in more than one year" and is due to be released over the ensuing two to three years as the strategic plan progresses. The covid pandemic has cause delay to its implementation.

Other deferred income balances includes lottery subscriptions made for future lottery draws and to challenge event income raised in advance of the challenge taking place.

**15 Restricted Funds**

The restricted funds are monies received for, and their use restricted to, the following:	At 1st April 2022	Income	Expenditure	Transfer between Funds	<b>At 31st March 2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bereavement support fund	-	35	(35)	-	-
DoC gift in kind	-	270	(270)	-	-
CCG grants	142	66	(58)	(30)	<b>120</b>
Other restricted donations	158	47	(22)	(94)	<b>89</b>
	<b>300</b>	<b>418</b>	<b>(385)</b>	<b>(124)</b>	<b>209</b>

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**15 Restricted Funds, continued**

	At 1st April 2021	Income	Expenditure	Transfer between Funds	At 31st March 2022
	£'000	£'000	£'000	£'000	£'000
Bereavement support fund	-	110	(110)	-	-
DoC capital improvement grant	165	-	-	(165)	-
DoC gift in kind	-	270	(270)	-	-
NHSE COVID-19 Hospice Support Grant	-	247	(247)	-	-
CCG COVID-19 Support Grant	-	500	(500)	-	-
CCG grants	-	150	(8)	-	142
Other restricted donations	110	137	(22)	(67)	158
	<u>275</u>	<u>1,414</u>	<u>(1,157)</u>	<u>(232)</u>	<u>300</u>

The Bereavement support fund represents the funding of the psychosocial team and related costs.

The DoC gift in kind relates to the provision of the land and buildings on a 20 year lease at a peppercorn rental. The Gift in Kind recognises the valuation placed upon the use of the properties by an independent surveyor in March 2020. Since that time it is not considered that this valuation has changed materially. The cost is also recognised in the financial statements.

In 2022-23 the CCG grants related to £66k given to cover the additional costs of providing two Clinical Nurse Specialists for weekend and bank holiday cover (2021-22 £120k). In 2021-22 we also received a grant of £30k towards the new patient administration project which was delivered in 2023.

The DoC capital improvement grant was given in order to progress certain capital projects including the IT upgrade (completed) and the IPU refresh (completed late summer 2021). Transfers from the fund to the designated fund represented the purchase of tangible fixed assets.

In 2021-22 the NHSE awarded funding to allow the Hospice to make available bed capacity and community support from November 2020 to March 2021 and from December 2021 to March 2022 to provide support to people with complex needs in the context of the coronavirus pandemic and to provide bed capacity and community support for the same purpose.

In 2021-22 the CCG COVID-19 Support Grant relates to grants made by the South West London CCG which was designed to support the charity in the face of the loss of income arising from the impact of the coronavirus pandemic.

Other restricted donations represent other smaller restricted donations and legacies donated to the Hospice for specific purposes.

**16 Designated Funds**

	At 1st April 2022	Expenditure	Transfer between Funds	At 31st March 2023
	£'000	£'000	£'000	£'000
Fixed Asset Fund				
Acquired	725	263	(146)	842
Committed	-	-	-	-
Budgeted within 12 months	451	-	(41)	410
	<u>1,176</u>	<u>263</u>	<u>(187)</u>	<u>1,252</u>
	At 1st April 2021	Expenditure	Transfer between Funds	At 31st March 2022
	£'000	£'000	£'000	£'000
Fixed Asset Fund				
Acquired	562	332	(169)	725
Committed	100	-	(100)	-
Budgeted within 12 months	552	-	(101)	451
	<u>1,214</u>	<u>332</u>	<u>(370)</u>	<u>1,176</u>

The unrestricted funds of the Hospice include the following designated funds which have been set aside by the trustees for specific purposes. The fixed asset fund represents the net book value of tangible fixed assets, which are used in the day-to-day work of the Hospice and hence is not available for working capital.

The transfer in the fixed assets "acquired" fund represents the net movement of additions, disposals and depreciation in fixed assets over the year. "Committed" expenditure relate to additions which the charity is contractually obliged to complete and "Budgeted" relates to proposed additions that have been approved by the Board of Trustees.

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**Notes to the accounts, continued**

**17 Analysis of net assets between funds**

	Restricted funds £'000	General Fund £'000	Designated fund £'000	Total 2023 £'000
Fixed assets	-	1,981	842	<b>2,823</b>
Current assets	209	4,469	410	<b>5,088</b>
Creditors: amounts falling due within one year	-	(1,532)	-	<b>(1,532)</b>
Creditors: amounts falling due after more than one year	-	(903)	-	<b>(903)</b>
<b>Total net assets</b>	<b>209</b>	<b>4,015</b>	<b>1,252</b>	<b>5,476</b>

	Restricted funds £'000	General Fund £'000	Designated fund £'000	Total 2022 £'000
Fixed assets	-	2,017	725	<b>2,742</b>
Current assets	300	5,583	451	<b>6,334</b>
Creditors: amounts falling due within one year	-	(1,551)	-	<b>(1,551)</b>
Creditors: amounts falling due after more than one year	-	(1,653)	-	<b>(1,653)</b>
<b>Total net assets</b>	<b>300</b>	<b>4,396</b>	<b>1,176</b>	<b>5,872</b>

**18 Leasing commitments**

**Operating leases**

At 31 March 2023 the Hospice had total commitments under non-cancellable operating leases for retail shops and related office and warehouse buildings as follows:

	Land and buildings 2023 £'000	Land and buildings 2022 £'000
Commitments falling due:		
Within one year	307	218
Within one to two years	260	177
Within two to five years	314	174
	<b>881</b>	<b>569</b>

**20 Related party transactions**

St Raphael's Hospice was established as a work of The Congregation of the Daughters of the Cross of Liege ("DoC", charity number 1068661 and company number 3492921 ) in 1987 and its activities were reported as part of that entity. The activities and the operating assets and liabilities of the work were transferred into St Raphael's Hospice (charity number 1182636 and company number 11732567) on 31 October 2020 and from that point its activities are reported through this entity.

Two of the trustees of DoC are also trustees of St Raphael's Hospice (Sr Veronica Hagen and Sr Kathleen O'Reilly). One member of the Finance & Resources Committee is a paid adviser of the DoC (Mr Ed Cook).

The freehold of the land and buildings that comprise the St Raphael's Hospice site are owned by DoC. These have been leased to St Raphael's Hospice under three separate leases for the three plots (the Hospice, St Bede's and 759 London Road) each for twenty years and at a peppercorn rental of £100 per annum. A total of £300 was paid in the period in respect of these leases (2022: £300). The leases are valued at £270k per annum and a gift-in-kind is recognised in these financial statements for this amount (2022: £270k). The notional rental of £270k is also recognised in these financial statements (2022: £270k).

No grants were made by DoC during the year. (2022: Nil).

DoC continues to receive occasional income on behalf of the Hospice, such as legacies and some donations and these are passed through to St Raphael's Hospice without deduction. During the year there were no such transactions (2022: 3 and £812k).

In May 2023 St Raphael's entered into a contract with Darnell Consulting Ltd for the provision of supporter insight analysis and report based on quantitative research. The contract value was £4,995, and represented an arm's length transaction at market value from an expert in the field. Grahame Darnell and Catherine Darnell are the beneficial owners of Darnell Consulting Ltd and Grahame Darnell is a Director of the company. Grahame Darnell is also a trustee of St Raphael's Hospice. The contract value was fully paid by the end of September 2023.

There were no other related party transactions.

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**21 Capital commitments**

As at 31 March 2023 there were no capital commitments (2022: Nil).

**22 Pension commitments**

The Hospice makes contributions in respect of the current service of its employees to either the NHS pension scheme or Royal London. The Royal London pension scheme is a defined contribution scheme, with contributions accounted for in the period in which they arise. The contributions payable for the year were £127,390 (2022: £115,707).

The NHS pension scheme is a defined benefit scheme which is underwritten by the UK Treasury. The liabilities of the scheme are not calculated and there is no attribution of liability to the participant organisations, including the Hospice. Accordingly, it has accounted for its contributions as if it were a defined contribution scheme.

The contributions payable to the scheme for the year were £149,004 (2022: £115,992).

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23 Comparative Statement of Financial Activities for the year ended 31st March 2022

	Notes	Unrestricted			Total funds Year to 31 March	Total funds Year to 31 March (being 5 months of operations)
		General	Designated	Restricted		
		fund	fund	funds	2022	2021
		£'000	£'000	£'000	£'000	£'000
<b>Income and expenditure</b>						
<b>Income from:</b>						
Donations and legacies	2	2,949	-	517	3,466	2,819
Other trading activities	3	1,533	-	-	1,533	289
Investments		4	-	-	4	2
Charitable activities						
Clinical Commissioning Groups	4	1,615	-	650	2,265	637
Other income	4	51	-	247	298	959
<b>Total income excluding assets transferred from the Daughters of the Cross</b>		<b>6,152</b>	<b>-</b>	<b>1,414</b>	<b>7,566</b>	<b>4,706</b>
<b>Assets transferred from the Daughters of the Cross</b>	18	-	-	-	-	3,405
<b>Total income</b>		<b>6,152</b>	<b>-</b>	<b>1,414</b>	<b>7,566</b>	<b>8,111</b>
<b>Expenditure on:</b>						
Raising funds	5	2,406	-	-	2,406	1,005
Charitable activities	6	3,439	-	1,157	4,596	2,029
<b>Total expenditure</b>		<b>5,845</b>	<b>-</b>	<b>1,157</b>	<b>7,002</b>	<b>3,034</b>
Net gains / (losses) on investments	11	17	-	-	17	-
<b>Net income / (expenditure) before transfers</b>		<b>324</b>	<b>-</b>	<b>257</b>	<b>581</b>	<b>5,077</b>
Transfers between funds	15-16	270	(38)	(232)	-	-
<b>Net movement in funds</b>		<b>594</b>	<b>(38)</b>	<b>25</b>	<b>581</b>	<b>5,077</b>
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 April 2021		3,802	1,214	275	5,291	214
Fund balances carried forward at 31 March 2022	15-17	4,396	1,176	300	5,872	5,291

All of the charity's activities during the above two financial periods derived from continuing operations. A full comparative statement of financial activities is shown at note 23 to the financial statements.

# Finance & Resources Update – IT & Estates

17 October 2023

## 1 IT Department

1. New staff have been recruited to fill the roles of Senior IT Technician and Junior IT Technician. Soren Eppler Breen has joined us as the Junior IT Technician (undertaking an apprenticeship scheme), and Adrian Hobbs is our new Senior IT Technician.
2. To assist with doctors shared on-call duties for ourselves and Princess Alice Hospice, we have created a new virtual server to enable the Princess Alice Hospice EMIS system to be accessed by our doctors from our site. This will save time for our consultants and doctors when obtaining patient information while on-call.
3. Working with our VoIP phone system supplier companies, we have succeeded in upgrading the switchboard server to a newer supported version, to replace the old server which was due to become end-of-life this year.

## 2 Facilities Department

1. All the planned office moves have now been completed, ahead of schedule and under budget. Alongside contractors, this has taken considerable time and resources from both the Facilities and IT teams over the last few months. I am grateful to both teams for all the effort they have put in during this project.
2. The family / bariatric room is now complete and training for the specialist equipment has been provided. The room is now operational and available for use for both patients and families.

## 3 Retail & Fundraising

1. The building lease has now been signed for the new shop at 31 London Road, Morden. This is a 7-year lease with no break clause. The contractors have completed the fitting out and the shop has been open since Thursday 12th October.

## 4 Incidents / Risks

1. No incidents or risks have occurred since the last update.

## IT and Estates Risk Control Register

Risk Category	Activity	Top Risk(s)	Initial Likelihood	Initial Severity	Initial Risk Rating	Prevention Controls - reducing likelihood	Mitigation Controls - reducing severity	Final Likelihood	Final Severity	Final Risk Rating	Responsibility?	Last / next review
<b>IT Systems</b>												
1	Cyber attack	<ul style="list-style-type: none"> <li>• Virus, ransom-ware or other malware attack or software vulnerability.</li> <li>• Malicious software can damage IT system, steal or encrypt data or prevent normal service by sheer volume of extra traffic.</li> <li>• Problem could spread to many servers, computers and/or other devices and take days to clear.</li> <li>• Denial of Service Attacks could affect internal or external systems.</li> <li>• Reputational damage can result from cyber attack.</li> </ul>	4	5	20	<ul style="list-style-type: none"> <li>• Anti-virus &amp; anti-malware software is used on all servers &amp; computers. These are updated automatically in real-time. Software updates &amp; security patches are applied when needed.</li> <li>• Firewalls control unauthorised entry from Internet. Web filtering software prevents users from accessing unsafe websites. Email filtering blocks most unsafe emails.</li> <li>• Staff are educated to avoid risks from fishing attacks. Simulated attacks are used to ensure that staff comply. Mandatory training now includes cyber security for all staff.</li> <li>• Enforced use of strong passwords and 2-factor authentication.</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple backups of data are maintained on a daily basis.</li> <li>• Backups are both on-line and off-line to maximise opportunity for data recovery.</li> </ul>	3	4	12	Dir of IT & Est	Sept 23 / Dec 23
2	IT System - LAN / WAN Failure	<ul style="list-style-type: none"> <li>• Switch / Router failure or configuration corruption / deletion</li> <li>• Firewall failure or configuration corruption / deletion</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>• Firmware and software updated regularly.</li> <li>• Use of strong passwords.</li> <li>• Access limited to essential personnel.</li> </ul>	<ul style="list-style-type: none"> <li>• Spanning tree protects against single device failure by rerouting connections.</li> <li>• High availability firewalls allow one firewall to take over if another fails.</li> <li>• Spare switch ready configured for replacement</li> <li>• Backup copies of all configs kept securely</li> </ul>	2	4	8	Dir of IT & Est	Sept 23 / Dec 23
3	IT System - Server / SAN Failure	<ul style="list-style-type: none"> <li>• Major hardware failure can be caused by a range of events, both accidental and malicious. Depending on which hardware fails, vital services could be disrupted or communications lost.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>• For Servers, SANs and NAS, dual components provide redundancy for single item failures.</li> <li>• Global spare SAN disks enable automatic replacement of a failed drive.</li> <li>• Firmware and software updated regularly.</li> <li>• Use of strong passwords.</li> <li>• Access limited to essential personnel.</li> </ul>	<ul style="list-style-type: none"> <li>• Warranty support contracts provide rapid response to replace failed parts.</li> <li>• Regular backups of virtual servers enable rapid recovery in event of failure.</li> </ul>	2	4	8	Dir of IT & Est	Sept 23 / Dec 23
4	Loss of Key Personnel	<ul style="list-style-type: none"> <li>• Some systems may be understood by only one person, who could leave, become ill, have an accident, etc. Some systems could then be difficult to maintain, with extended downtime, or projects could be delayed.</li> </ul>	3	5	15	<ul style="list-style-type: none"> <li>• Recruiting to a higher level second role to help spread the critical systems knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• The IT Department has a Network Administration Guide (NAG) which details all aspects of the configuration of the IT system &amp; also details the support tasks which must be performed by new or contract staff.</li> </ul>	2	4	8	Dir of IT & Est	Sept 23 / Dec 23
5	Theft of data	<ul style="list-style-type: none"> <li>• Theft of data would compromise privacy laws (GDPR) &amp; could affect reputation.</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>• All system data is protected by strong IT system access security (usernames &amp; passwords) &amp; where needed MFA. Data is only made available to staff on a need-to-know basis.</li> <li>• Data access is regularly reviewed.</li> <li>• Data cannot be taken offsite as all writable media (CD/DVD, USB, etc) are disabled except for IT issued encrypted USB pens. Web filtering prevents access to file transfer services.</li> <li>• Unauthorised access is prevented by using MAC address authentication on all switch ports &amp; VLANs to segregate data areas.</li> <li>• Office 365 emails &amp; other services are encrypted &amp; monitored to prevent unauthorised data transfer.</li> </ul>		1	4	4	Dir of IT & Est	Sept 23 / Dec 23
6	Failure of Outsourced Services	<ul style="list-style-type: none"> <li>• Potential for loss of service from outsourced services (including Citrix, Exchange 365, EMIS, anti-virus, remote access, SelectHR, Sage Cloud).</li> <li>• Service quality and security possibly at risk.</li> <li>• Reputation possibly at risk.</li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>• Contractual agreements with third party suppliers.</li> <li>• Service providers have multiple data centres in different locations for data resilience.</li> <li>• Service providers perform regular backups and regular security updates.</li> <li>• Service providers use strong passwords and some use 2FA.</li> </ul>	<ul style="list-style-type: none"> <li>• Emails are available on mobile devices for some staff.</li> <li>• Internal Citrix system has caching enabled to permit continued use on-site during external failures.</li> <li>• Daily paper print-outs are used to enable continued operation in the event of an EMIS failure.</li> </ul>	2	4	8	Dir of IT & Est	Sept 23 / Dec 23
7	Mains power failure to vital IT equipment.	<ul style="list-style-type: none"> <li>• Powerdown of key equipment would disable electronic communication and central IT services.</li> </ul>	2	5	10		<ul style="list-style-type: none"> <li>• Key equipment supported by UPS batteries. Standby generator starts within minutes.</li> <li>• Generator tested regularly. UPS batteries replaced when needed.</li> </ul>	2	3	6	Dir of IT & Est	Sept 23 / Dec 23
8	Loss of or corrupted backups	<ul style="list-style-type: none"> <li>• Backups of data are essential to protect against loss or damage to live production data storage</li> </ul>	2	5	10	<ul style="list-style-type: none"> <li>• Backups are stored securely in main Server Room &amp; locked IT Store Room, with strictly controlled access.</li> <li>• One backup copy is held off-line to protect against cyber attack.</li> </ul>	<ul style="list-style-type: none"> <li>• Data is protected by multiple levels of backup copies.</li> <li>• Data is backed up weekly, daily or more frequently, as required.</li> <li>• Data retention policy is 3 months in accordance with GDPR.</li> </ul>	2	3	6	Dir of IT & Est	Sept 23 / Dec 23
9	<ul style="list-style-type: none"> <li>• Loss of Internet (leased line) connection</li> <li>• Loss of EES (Capitol House) connection</li> <li>• Loss of NHS HSCN connectoin</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of any of the 3 connection services is likely to be due to third party problems and therefore outside our control.</li> <li>• Loss of the Internet connection would affect access to all web based information and email services. Software services which are hosted on-line would not be accessible.</li> <li>• Loss of the NHS HSCN line would prevent access to the EMIS PID system.</li> <li>• Loss of access to the EES line would prevent Capitol House staff from accessing the main network.</li> </ul>	2	5	10		<ul style="list-style-type: none"> <li>• SLAs with the line providers guarantees fastest possible recovery from loss of service.</li> <li>• Emails are available on mobile devices for some staff.</li> <li>• Internal Citrix system has caching enabled to permit continued use on-site during Internet connection failure.</li> <li>• EMIS users could access EMIS from and alternative internet connection using their login.</li> <li>• Capitol House staff could use computers based in the main site until the problem is resolved.</li> </ul>	2	4	8	Dir of IT & Est	Sept 23 / Dec 23
10	Loss of telephone connection	<ul style="list-style-type: none"> <li>• Loss of VoIP telephone connection would disrupt all normal voice communication, and could be a major problem in an emergency such as a fire.</li> </ul>	3	3	9		<ul style="list-style-type: none"> <li>• Alternative arrangements are already in place to protect against a VoIP system failure &amp; these have been tried &amp; tested.</li> <li>• Two emergency mobile phones are available for incoming &amp; outgoing calls respectively.</li> <li>• Incoming direct-dial numbers can be re-directed during a fault to the incoming mobile phone. These mobiles (&amp; staff mobiles) can be used for fire, ambulance &amp; police emergency calls if required.</li> </ul>	3	2	6	Dir of IT & Est	Sept 23 / Dec 23
<b>ESTATES</b>												Sept 23 / Dec 23

1	Loss of Electrical Power	• Loss of mains power to part or the whole of the Hospice site could cause major disruption for staff & patients.	2	5	10		<ul style="list-style-type: none"> <li>• In the event of a mains power failure, the Hospice diesel generator will start automatically &amp; "cut-in" within minutes.</li> <li>• During this time, however, all equipment (unless battery powered) will shutdown &amp; need to be rebooted when power returns.</li> <li>• All parts of the Hospice Main Building are supported by the emergency generator, but not 759 building or St. Bedes.</li> </ul>	2	3	6	Dir of IT & Est	Sept 23 / Dec 23
2	Fire	• A fire can occur in any location, being caused by various events. Fires can have a major effect on the use of the location involved.	2	5	10	<ul style="list-style-type: none"> <li>• Staff trained in recognising and avoiding fire hazards.</li> <li>• Fire equipment maintained and checked on a regular basis.</li> <li>• Electrical items all professionally checked in line with H&amp;S requirements.</li> <li>• H&amp;S audit provides additional indication for risk avoidance.</li> <li>• A fire risk assessment is conducted as needed.</li> </ul>	<ul style="list-style-type: none"> <li>• Each Hospice building has a Fire Control Panel which automatically raises alarm and indicate area of fire.</li> <li>• A trained Fire Warden team has been established.</li> <li>• Fire extinguishers are located near the outer doors of all buildings, the type being appropriate to the location.</li> <li>• Fire drills are undertaken regularly.</li> <li>• 30 minute Fire Doors are installed throughout the site wherever needed.</li> </ul>	2	3	6	Dir of IT & Est	Sept 23 / Dec 23
3	Gas leak	• A gas leak obviously constitutes a grave risk of fire or explosion and damage to health.	2	5	10	• All gas powered equipment and gas pipework is regularly tested for correct operation & absence of leaks		1	5	5	Dir of IT & Est	Sept 23 / Dec 23
4	Asbestos in building structures	• Asbestos within building structures has been outlawed for many years. Asbestos fibres present a serious risk to health when air borne.	2	4	8	• An Asbestos Management Plan is in place, which identifies the location of asbestos with the Hospice & charity shop buildings. Any work in one of these areas will require adherence to the management plan.		1	4	4	Dir of IT & Est	Sept 23 / Dec 23
5	Burst Pipe / Flood	• Water damage in any area can cause substantial damage to equipment, furniture, etc. Water near to electrical equipment can constitute a serious risk to staff.	2	4	8	• Regular maintenance and regular checks are undertaken.	<ul style="list-style-type: none"> <li>• The location of all water pipes in all buildings is logged on appropriate building schematics. The location of all mains water shut off valves is also recorded.</li> <li>• Water main shut off valves are tested regularly to ensure that they operate correctly &amp; have not seized up.</li> </ul>	1	3	3	Dir of IT & Est	Sept 23 / Dec 23
6	Security / Break-in	• A security breach / break in can give rise to the theft of equipment, theft of data or risk to health of staff who may be present.	2	3	6	<ul style="list-style-type: none"> <li>• All buildings have swipe card access control. Cards are only accepted where a staff member has been allowed access to that particular resource.</li> <li>• CCTV is installed in all buildings and charity / retail shops.</li> </ul>		1	3	3	Dir of IT & Est	Sept 23 / Dec 23
7	Boiler / Heating System failure	• If the boiler or heating system develops a fault, it can represent a threat to health for both staff & patients during cold weather spells.	2	3	6	• The boiler & general heating system is monitored regularly to ensure correct operation.	<ul style="list-style-type: none"> <li>• Several portable heating units are in store &amp; available if required.</li> <li>• Ward rooms and several offices have air conditioning units that can provide heat.</li> </ul>	1	2	2	Dir of IT & Est	Sept 23 / Dec 23
8	Oxygen Supply failure	• If the oxygen supply from St. Anthony's Hospital failed, no oxygen would be available for patients on-site.	1	4	4	• The oxygen supply pipes are checked regularly.	• Oxygen cylinders are kept on-site at St. Anthony's Hospital and can be brought into use immediately if the need arises.	1	2	2	Dir of IT & Est	Sept 23 / Dec 23

The axis for Likelihood should be from  
The axis for Severity should be from

1. Very Low – 2. Low – 3. Medium – 4. High – 5. Very High

1. Light – 2. Serious – 3. Major – 4. Catastrophic – 5. Multi Catastrophic

Over 13 = red  
8-13 = amber  
7 or under = green

Surname	Probate Date	Estate value	Nature of Bequest	Notes	Estimated Value of Bequest	2022-23	2023-24	Possible 2023-24 to come	Receipts 2023-24	dates	Known Cash to come
<a href="https://probatesearch.service.gov.uk/search-results">https://probatesearch.service.gov.uk/search-results</a>											
Ahern	25/11/2011	£500,000	25% share of one half of estate upon death of beneficiary (in fifties in 2012) if any		?						
Completed Legacies						£667,725					
Bevil	31/08/2017				£5	£5		£0	-£5	28/07/2023	£0
Jones	19/03/2018				£217	£217		£0	-£217	02/06/2023	£0
Pritchard	09/01/2020				£369	£369		£0	-£369	21/04/2023	£0
Williams	01/05/2020				£30,612	£30,612		£0	-£30,612	08/06/2023	£0
Glover	22/11/2020				£4,000	£4,000		£0	-£4,000	08/06/2023	£0
Powell	29/04/2021				£5,413	£0		£5,413			£0
Daw	15/05/2021				£1,588	£1,588		£0	-£1,588	19/06/2023	£0
Sacco	16/07/2021				£50	£50		£0	-£50		£0
Telford	14/09/2021				£500	£500		£0	-£500	16/08/2023	£0
Henry	11/01/2022				£1,000	£1,000		£0	-£1,000	17/08/2023	£0
Hastings	13/01/2022	£646,707	25% share of residuary - after £140,000 pecuniary gifts		£126,677	£107,675		£19,002			£107,675
Evans	24/03/2022				£7,525	£7,525		£0	-£7,525	22/06/2023	£0
Bloomfield	27/04/2022	£1,421,000	2% of the estate after pecuniary gifts of £65k and IHT - (one fifth of estate shared l		£19,697	£19,697		£0			£19,697
Mander	03/05/2022		Pecuniary		£500	£500		£0			£500
Holland	10/06/2022	£1,096,684	0.00714% (one 14th of 10%)		£7,100	£6,035		£1,065			£6,035
GREGORIAN	18/07/2022	£1,309,166	Share of residuary - one of 12 beneficiaries = unknown %		£54,931	£51,353		£3,578			£51,353
Fitzgerald	27/07/2022	£1,330,165	16.67% Share of Residuary after £325,000 pecuniary		£167,561	£150,000		£17,561	-£150,000	05/07/2023	£0
Portelli	06/08/2022	£505,337	9% share of residuary after £20k pecuniary gifts		£43,200	£36,720		£6,480			£36,720
Duggin	24/09/2022	£443,847	Pecuniary		£500	£500		£0			£500
ELLISON	18/10/2022	£1,936,184	5.714% (2/7ths of 20%) of amount held in CAF accounts - this is an unknown quant		?	£0					£0
TURNER	28/10/2022	£1,892,774	Pecuniary		£1,000	£1,000		£0			£1,000
Warwick	23/11/2022	£872,500	100% Residuary - after IHT free total of £775k -NB the value of the estate has falle		£72,500	£61,625		£10,875			£61,625
Noble	03/02/2023		Pecuniary		£15,000	£15,000		£0	-£15,000	12/05/2023	£0
Sawyer	14/02/2023	£646,000	50% of residuary after £35k pecuniary gifts		£300,000	£259,195	£805	£40,000	-£260,000	28/09/2023	£0
Walliker-Dene	16/02/2023	£736,617	Pecuniary		£100,000	£100,000		£0			£100,000
Hughes	19/02/2023		Pecuniary		£70	£70		£0	-£70	18/08/2023	£0
Grimsdell	05/03/2023		Pecuniary		£10,000	£10,000		£0	-£10,000	06/07/2023	£0
Howard	06/03/2023		Pecuniary		£8,000	£8,000		£0			£8,000
Winton	12/03/2023	£257,611	Pecuniary		£500	£500		£0			£500
Westwood	30/03/2023	£650,000	16.67% Estate value		£108,333	£95,163		£13,170			£95,163
Dawson Taylor					£250	£250		£0	-£250	07/07/2023	£0
Lanyon					£6,357	£6,357		£0	-£6,357	05/04/2023	£0
McGrath					£2,874	£2,874		£0	-£2,794	31/05/2023	£80
Emeny-Smith	10/06/2022	£666,252	50% share of Residuary after £10,000 per Gift to DoC with no mention of SRH		£325,000	£0		£325,000			£0
HARVEY	01/07/2022	£6,674,300	Pecuniary		£75,000	£0		£75,000			£0
BRENNAN	14/02/2023	£1,494,119	4.166% residuary (after £160,000 pecuniary Gift to DoC with no mention of SRH		£55,592	£0		£55,592			£0
Quinn	04/04/2023	£420,000	16.6% of residuary after £15k pecuniary		£67,500		£30,000	£37,500			£30,000
Wilde	11/04/2023	£687,845	16.67% Estate value		£85,980.63		£73,148	£12,833			£73,148
MEASURES	11/05/2023				£5,000		£5,000	£0	-£5,000	19/07/2023	£0
Ford	25/05/2023	£1,018,563	Pecuniary		£5,000		£5,000	£0			£5,000
EGGS	23/06/2023	£371,788	Pecuniary		£1,000		£1,000	£0			£1,000
Tugwell	05/08/2023	£112,843	Pecuniary		£100		£100	£0			£100
Blunt	18/08/2023	£1,114,000	Pecuniary		£10,000		£10,000	£0			£10,000
Hill	04/09/2023		Pecuniary		£10,000		£10,000	£0			£10,000
Thornton	05/09/2023	£692,237	2.5% residuary after £75k pecuniary gifts and IHT		£12,801		£12,801	£0			£12,801
Fraser	tbc	£24,443	100% assets		£24,443		£20,777	£3,666			£20,777
Goodman	tbc		8.133% of residuary		£0		£0	£0			£0
Thomas	tbc	£600,000	20% residuary after unknown pecuniary gifts		£30,000		£30,000	£0			£30,000
Thompson			Pecuniary				£9,755		-£9,755	September	
					<b>£1,803,746</b>	<b>£1,646,106</b>	<b>£208,386</b>	<b>£626,734</b>	<b>-£505,093</b>	<b>£681,673</b>	
								<b>£835,120</b>	<b>Potential SOFA 2023-24</b>		

TO BE TYPED ON CLIENT LETTERHEAD

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

Date:

Dear Sirs / Madams

During the course of your audit of our financial statements for the period ended 31 March 2023, the following representations were made to you by management and directors of the charitable company:

1. We have fulfilled our responsibilities as directors under the Companies Act 2006 ("the Act") for preparing financial statements, in accordance with FRS102 and the Act, that give a true and fair view and for making accurate representations to you as auditors.
2. We confirm that all accounting records have been made available to you for the purpose of your audit, in accordance with your terms of engagement, and that all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and Trustees' meetings, have been made available to you. We have given you unrestricted access to persons within the company in order to obtain audit evidence and have provided any additional information that you have requested for the purposes of your audit.
3. We confirm that the methods, significant assumptions and source data used by us in making accounting estimates and their related disclosures are appropriate to ensure compliance with the recognition, measurement and disclosure requirements of FRS102.
4. We confirm that all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with FRS102 and the Act.
5. We confirm that we have informed you of the details of all correspondence with the charitable company's regulators during the year and, in particular, the details of all Serious Incident Reports that we have made to the Charity Commission.
6. We confirm that there have been no events since the balance sheet date which require disclosing or which would materially affect the amounts in the accounts, other than those already disclosed or included in the accounts.
7. We confirm that we are aware of the definition of a related party set out in FRS102. We confirm that the related party forms have been completed by all trustees and made available to you as part of the audit.
8. We confirm that the related party relationships and transactions set out in the declarations provided to you are a complete list of such relationships and transactions and that we are not aware of any further related parties or transactions, and have been accounted for and disclosed in accordance with FRS102 and the Act.

9. We confirm that the financial statements correctly disclose the Trustees' remuneration and reimbursement of expenses, and are drawn up in accordance with the Statement of Recommended Practice *Accounting and Reporting by Charities*.
10. We confirm that the company has not had, at any time during the year, an arrangement, transaction or agreement to provide credit facilities (including advances and credits granted by the company) for directors, nor to provide guarantees of any kind on behalf of the directors, except as disclosed in the financial statements.
11. We confirm that the company has not contracted for any capital expenditure other than as disclosed in the financial statements.
12. We confirm that we are not aware of any possible or actual instance of non-compliance with those laws and regulations which provide a legal framework within which the company conducts its business and which are central to the company's ability to conduct its business.
13. We acknowledge our responsibility for the design and implementation of controls to prevent and detect fraud. We confirm that we have provided you with a copy of our latest risk assessment, and confirm that we have considered the risk of fraud and have disclosed to you any actual or suspected instances of fraud involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements. We also confirm that we are not aware of any allegations of fraud by former employees, regulators or others.
14. We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the company is a going concern.
15. We confirm that in our opinion the effects of unadjusted misstatements, as disclosed in the Audit Findings Report are immaterial, both individually and in aggregate, to the financial statements as a whole.
16. All grants, donations and other income, receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms and conditions in the application of such income.
17. We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that:
  - so far as each trustee is aware, there is no relevant audit information of which you as auditors are unaware; and
  - each trustee has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that you are aware of that information.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and expertise (and, where appropriate, of supporting documentation) sufficient to satisfy ourselves that we can properly make these representations to you and that to the best of our knowledge and belief they accurately reflect the representations made to you by the directors during the course of your audit.

Yours faithfully

Signed on behalf of the Board of trustees by:

Trustee .....

Management Account September 2023	Year To Date				Full Year									
	Actuals 2023-24	Budget 2023-24	variance	YTD Prior Year	Actuals 2020-21	Actuals 2021-22	Actuals 2022-23	Forecast 2023-24	Budget 2023- 24	variance	2024-25	2025-26	2026-27	2027-28
Income from NHS	813,929	857,025	(43,096)	801,419	1,775,471	2,264,729	1,698,401	1,709,559	1,714,050	(4,492)	1,745,883	1,833,104	1,924,684	2,020,842
Other Income	174,724	227,519	(52,795)	(11,407)	1,662,681	588,934	350,702	362,406	447,716	(85,310)	410,086	412,258	414,589	417,039
<b>Service Income</b>	<b>988,653</b>	<b>1,084,544</b>	<b>(95,891)</b>	<b>790,012</b>	<b>3,438,152</b>	<b>2,853,662</b>	<b>2,049,104</b>	<b>2,071,965</b>	<b>2,161,767</b>	<b>(89,802)</b>	<b>2,155,969</b>	<b>2,245,362</b>	<b>2,339,273</b>	<b>2,437,880</b>
Direct Cost of Services	(2,353,177)	(2,326,846)	(26,331)	(2,200,141)	(3,713,542)	(3,878,465)	(4,516,639)	(4,749,162)	(4,698,112)	(51,050)	(4,963,126)	(5,096,125)	(5,192,648)	(5,291,101)
Hospice Depreciation	(53,208)	(70,248)	17,040	(47,199)	(155,282)	(95,491)	(95,392)	(111,646)	(140,386)	28,740	(132,031)	(110,076)	(84,571)	(87,246)
Support Costs	(335,537)	(322,871)	(12,667)	(344,616)	(678,829)	(670,239)	(698,011)	(683,546)	(663,265)	(20,281)	(696,151)	(695,945)	(678,032)	(691,551)
<b>Service Costs</b>	<b>(2,741,923)</b>	<b>(2,719,965)</b>	<b>(21,958)</b>	<b>(2,591,957)</b>	<b>(4,547,652)</b>	<b>(4,644,196)</b>	<b>(5,310,041)</b>	<b>(5,544,354)</b>	<b>(5,501,762)</b>	<b>(42,591)</b>	<b>(5,791,309)</b>	<b>(5,902,146)</b>	<b>(5,955,251)</b>	<b>(6,069,898)</b>
<b>Net Service Cost to be funded</b>	<b>(1,753,270)</b>	<b>(1,635,421)</b>	<b>(117,849)</b>	<b>(1,801,945)</b>	<b>(1,109,500)</b>	<b>(1,790,534)</b>	<b>(3,260,937)</b>	<b>(3,472,389)</b>	<b>(3,339,996)</b>	<b>(132,393)</b>	<b>(3,635,340)</b>	<b>(3,656,784)</b>	<b>(3,615,978)</b>	<b>(3,632,017)</b>
	64%	60%		70%	24%	39%	61%	63%	61%		63%	62%	61%	60%
<b>Fundraising Activity</b>														
Legacy Income	209,901	541,913	(332,011)	366,886	2,228,142	1,532,596	1,646,106	1,250,000	1,250,000	0	1,312,500	1,378,125	1,447,031	1,519,383
Donor Income	529,796	491,950	37,846	491,783	1,222,685	996,411	1,132,220	1,317,625	1,312,500	5,125	1,704,392	2,003,607	2,278,510	2,540,155
Fundraising Costs	(350,659)	(394,682)	44,023	(393,031)	(592,754)	(702,971)	(730,913)	(847,093)	(920,782)	73,689	(1,030,016)	(1,029,229)	(1,034,492)	(1,055,182)
	<b>389,039</b>	<b>639,181</b>	<b>(250,142)</b>	<b>465,638</b>	<b>2,858,074</b>	<b>1,826,036</b>	<b>2,047,412</b>	<b>1,720,532</b>	<b>1,641,717</b>	<b>78,815</b>	<b>1,986,875</b>	<b>2,352,504</b>	<b>2,691,050</b>	<b>3,004,356</b>
Lottery Income	171,432	169,783	1,649	188,849	454,014	422,996	368,285	368,135	401,852	(33,717)	479,639	595,295	703,684	719,684
Lottery Costs	(156,777)	(221,390)	64,613	(87,400)	(188,041)	(195,515)	(169,462)	(343,002)	(518,863)	175,861	(401,855)	(403,530)	(386,321)	(215,121)
	<b>14,655</b>	<b>(51,607)</b>	<b>66,262</b>	<b>101,449</b>	<b>265,973</b>	<b>227,480</b>	<b>198,823</b>	<b>25,133</b>	<b>(117,011)</b>	<b>142,143</b>	<b>77,785</b>	<b>191,765</b>	<b>317,363</b>	<b>504,563</b>
Shop Income	807,113	800,060	7,052	667,056	203,693	1,109,995	1,418,215	1,724,476	1,717,424	7,052	2,252,173	2,496,554	2,546,485	2,597,415
Shop Costs	(776,833)	(726,244)	(50,589)	(574,602)	(913,626)	(1,123,843)	(1,200,945)	(1,630,591)	(1,558,335)	(72,256)	(1,999,415)	(2,132,149)	(2,156,914)	(2,176,014)
	<b>30,279</b>	<b>73,816</b>	<b>(43,536)</b>	<b>92,454</b>	<b>(709,933)</b>	<b>(13,848)</b>	<b>217,270</b>	<b>93,885</b>	<b>159,089</b>	<b>(65,203)</b>	<b>252,758</b>	<b>364,405</b>	<b>389,572</b>	<b>421,401</b>
	4%	9%		14%		-1%	15%	5%	9%		11%	15%	15%	16%
<b>Support Costs</b>	<b>(167,769)</b>	<b>(161,435)</b>	<b>(6,333)</b>	<b>(172,308)</b>	<b>(339,414)</b>	<b>(335,119)</b>	<b>(349,005)</b>	<b>(341,773)</b>	<b>(331,633)</b>	<b>(10,140)</b>	<b>(348,076)</b>	<b>(347,972)</b>	<b>(339,016)</b>	<b>(345,775)</b>
<b>Fundraising Contribution</b>	<b>266,204</b>	<b>499,954</b>	<b>(233,750)</b>	<b>487,232</b>	<b>2,074,699</b>	<b>1,704,549</b>	<b>2,114,500</b>	<b>1,497,777</b>	<b>1,352,162</b>	<b>145,615</b>	<b>1,969,343</b>	<b>2,560,701</b>	<b>3,058,969</b>	<b>3,584,545</b>
<b>Shortfall before DOC Funding</b>	<b>(1,487,066)</b>	<b>(1,135,467)</b>	<b>(351,599)</b>	<b>(1,314,713)</b>	<b>965,199</b>	<b>(85,985)</b>	<b>(1,146,437)</b>	<b>(1,974,611)</b>	<b>(1,987,834)</b>	<b>13,222</b>	<b>(1,665,997)</b>	<b>(1,096,082)</b>	<b>(557,010)</b>	<b>(47,473)</b>
DOC Funding	0	499,998	(499,998)	166,666	280,000	666,666	750,000	954,546	1,000,000	(45,454)	650,000	200,000	53,334	0
Contingency Drawdown							0							
<b>Surplus/(Shortfall) for period</b>	<b>(1,487,066)</b>	<b>(635,469)</b>	<b>(851,597)</b>	<b>(1,148,047)</b>	<b>1,245,199</b>	<b>580,681</b>	<b>(396,437)</b>	<b>(1,020,066)</b>	<b>(987,834)</b>	<b>(32,232)</b>	<b>(1,015,997)</b>	<b>(896,082)</b>	<b>(503,676)</b>	<b>(47,473)</b>

# Finance and Resources Report

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## Key Points

### 1. Key Points are:

- a. The management accounts for the 6 months to 30<sup>th</sup> September 2023 shows a shortfall of £(1.5)m before DoC drawdown compared to budget of £(1.2)m. This is always an alarming time of year as income (especially Legacy Income) is weighted to the second half of the year.
- b. Cash (including the investment portfolio) at the end of May stood at £4.2m compared to budget of £4.4m.
- c. The Audited Financial Statements show a shortfall of £(400)k for the year, an improvement of £360k over the draft that was previously shared following audit initiated changes to legacies which included moving £220k income out of the current year and into last year.

## Finance

### 2. Management Accounts – Income and Expenditure

The management accounts for the 6 months to 30<sup>th</sup> September 2023 is attached together with the detailed summary and cash movements/balance sheet summary.

**Income from NHS** of £814k is £43k below budget. There has not, as yet, been any confirmed increase over the 2022-23 rates.

**Other Income** is £52k below budget largely because the value of the investment fund has continued to decline where the budget had assumed an increase.

**Direct costs of service** is £26k above the budget. Agency nurse costs are £38k above the budget at £45k, but we have seen this begin to reduce with £4k spent in September. Other costs are £12k below budget.

**Support costs** are up by £12k over budget and this relates to the audit fee and the purchase of laptops and a franking machine that are budgeted as “capital” but have been written off in year.

**Legacies** stand at £210k at the half year point, but this is after having moved £220k of income out of year and into the prior year as part of the audit work. The process for capturing the legacies has been clarified and a pipeline is being developed to have better visibility. The draft is enclosed and this shows that there is potentially a further £626k of legacy income in sight.

**Donations** for the first six months stood at £530k which is £37k above last year and the budget. The team now includes six fundraisers alongside Kate and they have moved into the

hospice as part of the office moves programme. Costs for these staff are above budget as a result of higher-level salaries than budgeted and earlier than expected recruitment.

The table below shows the donation income categorised by the Fundraising team and arising from Raisers' Edge fundraising database. This shows the position for the six months to September and also the full year target.

6 Months to September	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Budget 2023-24	% full yr achieved
Appeals	£28,240	£11,540	£26,793	£54,129	£66,997	£49,719	£49,558	£225,000	22%
Challenge	£82,208	£53,245	£74,679	£21,979	£25,487	£47,257	£103,581	£100,000	104%
Community	£53,032	£65,067	£84,465	£18,593	£22,482	£59,969	£42,287	£160,000	26%
Corporate	£49,352	£60,993	£56,312	£53,210	£53,269	£70,426	£50,136	£125,000	40%
Events	£38,654	£36,682	£52,973	£8,458	£21,543	£9,543	£10,562	£40,000	26%
In-Mem	£110,857	£92,258	£112,004	£114,732	£70,269	£90,699	£75,205	£225,000	33%
Other/Gen Giving	£34,855	£60,923	£49,241	£28,902	£13,033	£43,833	£61,690	£75,000	82%
Regular	£31,882	£28,590	£26,177	£26,684	£27,702	£26,016	£28,943	£75,000	39%
Trusts	£40,528	£52,500	£115,550	£28,250	£75,663	£58,000	£58,750	£200,000	29%
Significant One-off	£0	£0	£30,000	£40,000	£0	£0	£0	£25,000	0%
<b>Total Fundraising</b>	<b>£469,608</b>	<b>£461,798</b>	<b>£628,194</b>	<b>£394,936</b>	<b>£376,444</b>	<b>£455,462</b>	<b>£480,712</b>	<b>£1,250,000</b>	<b>38%</b>

**Fundraising costs** are £44k below plan, although the staff costs are £30k above the budget for the reasons noted above.

**Lottery** Campaign has hit its targets in the first three-month period, a second three-month period is being scheduled. Income is on plan but costs are lower as a result of the campaign being on a cyclical basis rather than the whole time.

**Retail** income is above budget overall with a number of shops performing very well. Wimbledon Park remains very disappointing. Costs are above budget and we are instigating a review. Costs are significantly above last year, partly because we have allocated Sara Jane and volunteer co-ordinator Lorraine Hunt into the retail activity where they were previously charged to Fundraising.

The table below shows income from the till system for the five months to August and is included to illustrate some of the related data that will be examined as we address the cost structure in the retail operation.

	Volunteers per day	Staff per day	Income per day open	Income per staff day	Income to August	Days Open in 5 Months to August
Banstead	0.99	1.23	£337	£275	£47,229	140
Carshalton	1.15	1.21	£488	£401	£58,989	121
Cheam	1.03	1.38	£471	£340	£67,363	143
Donation Centre	3.39	2.59	£564	£218	£73,865	131
New Malden	0.82	1.47	£566	£385	£79,779	141
Raynes Park	0.41	1.14	£342	£300	£41,355	121
Rose Hill	1.45	1.30	£425	£328	£51,482	121
Stonecott Hill	1.58	1.07	£357	£334	£43,150	121
Sutton	0.47	1.32	£441	£334	£61,794	140
Wimbledon Park	0.33	1.29	£191	£148	£21,222	111
Wimbledon Village	0.81	1.58	£676	£428	£96,619	143
	<b>12.43</b>	<b>15.58</b>	<b>£4,858</b>	<b>£3,491</b>	<b>£642,847</b>	<b>1433</b>

Neena also creates a monthly analysis of the income and expenditure for each shop and this will be used to highlight where improvements are needed.

### 3. Management Accounts – Balance Sheet

Cash (including the investment fund) stood at £4.2m at the end of September 2023, £200k below budget. This is partly due to debtors being high at £1.1m compared with budget of £600k.

I have not yet separated out the Investment from the total cash figure in the management accounts as requested by Joe. It currently stands at £1.95m which is £10k worse than at March 31<sup>st</sup> and £50k below the original value. Please note that the investment Fund is shown separately in the annual statutory format accounts.

Net assets stood at £4m.

### 4. Cash Flow

The Nat West short-term deposit of £1.5m was broken early at a cost of £6k. Interest rates are currently strong and without risk. We may need to consider reducing or exiting the investment fund (negative income) and place that on 12-month deposit with c5% which would raise £100k.

### 5. NHS Contract

As noted above, our annual uplift has not yet been offered by SWL ICB. However, Royal Trinity and Princess Alice have both been offered an uplift of 1.8%. This is 1.8% of the c30% of Clinical costs that the Grant covers, i.e. around 0.6% in reality. In the face of inflation of 8.7% and with the Agenda for Change staff cost rise alone being 5%, this is a shockingly low figure.

We are due to meet with the Commissioners in December, together with PAH and RTH, to hear back after our letter requesting a 3-year programme to move from around 30% funding to 50% funding.

## **6. Audit 2023**

The Audit fieldwork took place in August. I would like to thank Neena, who fielded most of the work, and to her colleagues, Lisa and Sangita as well as many others including our retail and Supporter Care teams, IT and HR.

The audit progressed much more smoothly than in the previous year and the audit team have very helpfully pointed out how we should amend and improve our legacy recognition, yielding the improved results and change of process.

An audit finding's summary is attached for your attention. One matter that needs to be attended to is that our estimate of the value assigned to the peppercorn leases from DoC. A paper is attached.

The financial statements are attached for questions and are ready for approval at the Board on 25<sup>th</sup> October.

Siobhan will attend the Board and present her thoughts and be available for Trustee questions.

**Nick Stevens, CEO**

**12<sup>th</sup> October 2023**

**9.25%**

Q2 2023 Vacancy Rate

YoY Chg

12-Mo. Forecast



**2.53 m sq ft**

Q2 2023 Take-Up



**£1.86 billion**

Q2 2023 Investment Volume



**KEY ECONOMIC INDICATORS**

**0.1%**

UK Quarterly GDP Growth, Q1 2023

YoY Chg

12-Mo. Forecast



**3.8%**

UK Unemployment Rate, Apr 2023



**5.0%**

Interest rate, Jun 2023



Source: Moody's; ONS

**ECONOMY: Inflation impact remains strong**

Stubborn inflationary pressures, resulting in further interest rate hikes up to 5.0% in June 2023, have caused the decade of cheap capital to come to a close. Impacts are wide ranging with the cost of living crunch, combined with rapid mortgage rate rises, hitting consumers and the cost of impacting investment. Real estate as a sector is particularly exposed to this, with the high property prices generally requiring investors to take on debt.

Occupier requirements remain active although deals tend to be taking longer to transact, and growth over 2023 so far has outperformed some expectations, with further growth forecasted across H2. Capital is available for those who produce viable strategies, however the inflationary environment – along with wider changes in real estate demand requirements – are weighing on investor and developer activity currently. The outlook remains pinned on inflation. Expectations are that price rises – and therefore interest rate increases – have peaked, however the multifaceted drivers behind the current spike makes it hard to predict.

**OCCUPIER FOCUS: Grade A drives the market for another quarter**

Office take-up across the Big Five (Birmingham, Bristol, Edinburgh, Leeds and Manchester) and Central London markets totalled 2.5 million sq ft in Q2 2023. This is a 7% decline versus Q1 2023 and 22% below the five-year quarterly average. A 64% majority of space transacted was Grade A quality, well above the 57% average across the past five years and continuing to evidence the post-pandemic bifurcation trend in office demand. Central London reported 1.8 million sq ft of take-up in the second quarter, with the remaining 716,962 sq ft transacting in the Big Five.

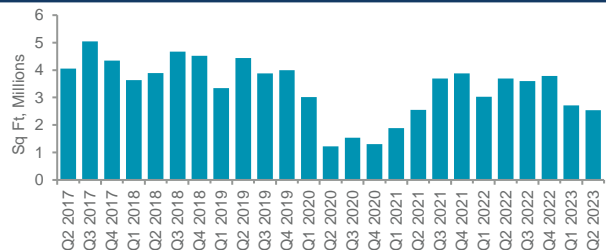
Availability ticked up by 4% to 33.9 million sq ft in Q2 versus Q1, driving the vacancy rate up to its highest level since 2009 at 9.3%. Central London supply rose to a record 27.2 million sq ft following a 10% increase in Grade A available space, primarily due to the 14.4 million sq ft of space under construction – 38% of which is due to complete in H2 2023. Big Five availability also increased by 8%, with Grade A supply rising 19% to 1.9 million sq ft as new space completed. Despite the increase, there is only 1.0 years' supply of Grade A stock in the Big Five and with only 2.5 million sq ft under construction, this imbalance is likely to continue. Even consented schemes are struggling to start work with the elevated cost of capital and construction challenging viability. This is also evident in the Central London market where 68% of the more substantial development pipeline is due to complete by 2024, with noticeably fewer deliveries from 2025.

As a result, Grade A availability is expected to decline in the medium-term as robust demand absorbs existing supply and forthcoming developments. Combined with rising development costs and the elevated price of debt, diminishing supply will fuel prime rental growth as occupiers compete for the best spaces to attract and retain top talent. Prime headline rents in Q2 rose by 4.9% in the year to Q2 2023 averaged across the Big Five and Central London. Of the 23 London submarkets, 13 reported rental growth on the quarter, led by a 7.4% rise in Kensington to £72.50 psf, while four submarkets declined and seven remained level. Edinburgh and Birmingham reported rental growth of 9.0% and 2.4% respectively, while the other Big Five markets held.

**INVESTMENT FOCUS: Easing inflation indicates market activity may pick up**

Office investment totalled £250 million in the Big Five and £1.6 billion in Central London in Q2 2023, with the combined £1.9 billion being 17% down on Q1 and 48% below the five-year average. Further interest rate rises weighed on activity, reaching 5.0% in June 2023 with prime yields moving +25 bps in the City Core to 5.00% but holding firm in the other markets, while secondary yields softened further. Additional rate increases seem likely in the short-term, bringing further pricing pressures in Q3 and an outward yield forecast. However, indications that inflation may have peaked mean that rates are also likely to be near their top, potentially providing stability and stoking activity in the market with Grade A rental growth and good demand offering opportunities for returns across markets.

**TAKE-UP, BIG FIVE + CENTRAL LONDON**

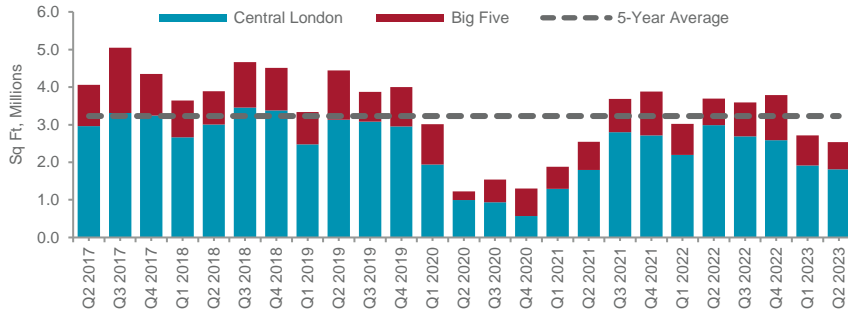


**AVAILABILITY & VACANCY RATE, BIG FIVE + CENTRAL LONDON**

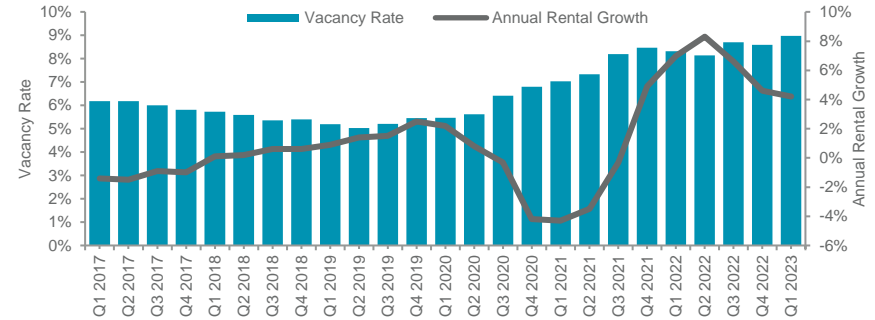


## Chart book

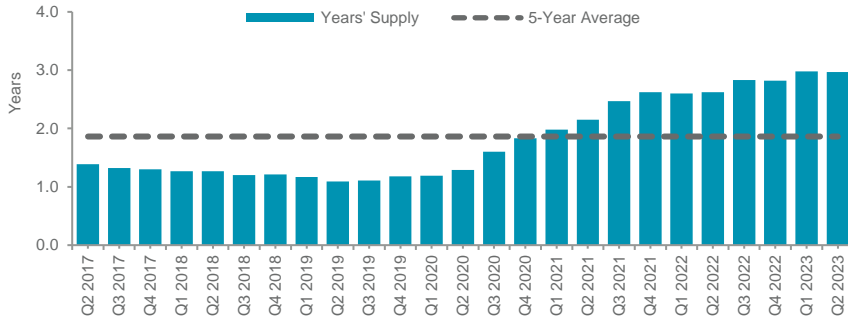
### TAKE-UP, QUARTERLY



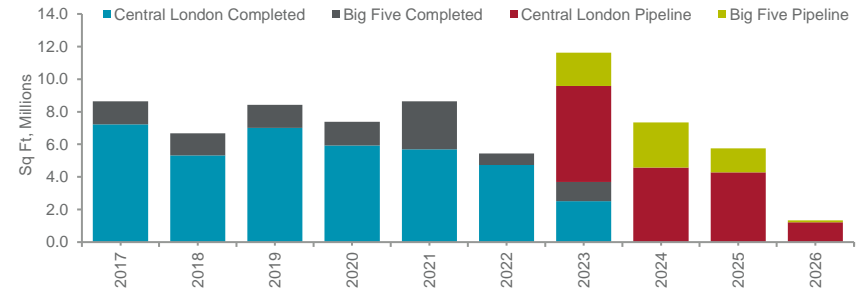
### VACANCY RATE & ANNUALISED RENTAL GROWTH



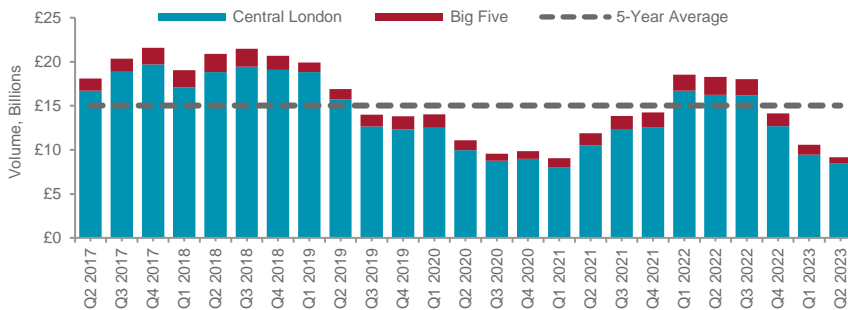
### YEARS' SUPPLY



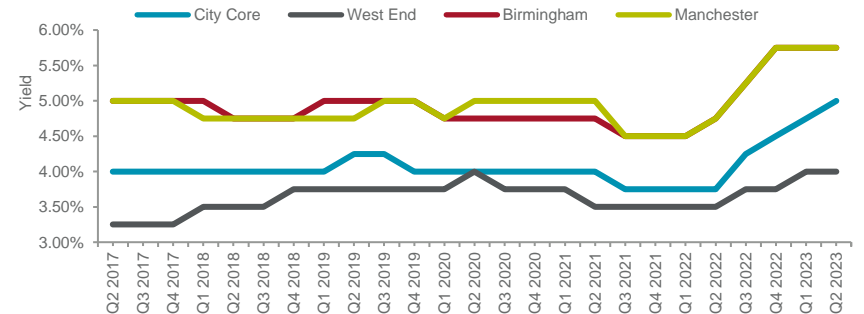
### DEVELOPMENT COMPLETIONS & PIPELINE



### INVESTMENT VOLUMES, ROLLING 12-MONTHS



### PRIME YIELDS



## MARKET STATISTICS Q2 2023

SUBMARKET	INVENTORY (SF)	AVAILABILITY (SF)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SF)	12-MONTH ROLLING TAKE-UP (SF)	SPECULATIVE UNDER CONSTRUCTION (SF)	PRIME RENT (per sq ft)	PRIME YIELD
Birmingham	18,905,000	1,082,021	5.7%	177,665	731,055	636,312	£42.00	5.75%
Bristol	14,100,000	879,838	6.2%	66,050	391,071	373,164	£42.50	5.75%
Edinburgh	9,280,177	719,682	7.8%	148,132	585,850	56,177	£42.50	5.75%
Leeds	13,000,000	881,144	6.8%	146,042	760,453	290,000	£37.00	6.00%
Manchester	22,700,000	3,085,283	13.6%	179,073	1,147,980	620,963	£40.00	5.75%
<b>BIG FIVE TOTALS</b>	<b>77,985,177</b>	<b>6,647,968</b>	<b>8.5%</b>	<b>716,962</b>	<b>3,616,409</b>	<b>1,976,616</b>	-	-
West End	119,166,838	7,033,157	6.9%	549,321	3,265,002	4,592,705	£130.00	4.00%
City	145,087,243	15,175,566	10.5%	1,199,147	4,919,579	3,996,371	£77.50	5.00%
East London	23,745,874	3,824,497	16.1%	68,838	749,722	990,500	£55.00	5.75%
<b>CENTRAL LONDON TOTALS</b>	<b>287,999,954</b>	<b>26,033,220</b>	<b>9.5%</b>	<b>1,817,306</b>	<b>8,934,303</b>	<b>9,579,576</b>	-	-
<b>UK TOTALS</b>	<b>365,985,131</b>	<b>32,681,188</b>	<b>9.3%</b>	<b>2,534,268</b>	<b>12,550,712</b>	<b>11,556,192</b>	-	-

## KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	MARKET	TENANT	SIZE (SQ FT)	TYPE
Sancroft, Paternoster Sq, EC4	Central London	Goodwin Proctor	89,499	New lease
Berger House, 36-38 Berkeley Sq, W1	Central London	Chanel	86,000	Pre-let
EQ	Bristol	HSBC	11,054	New lease
Louisa Ryland House	Birmingham	Re-Defined	36,343	New lease
2 Freer Street	Edinburgh	Analog Devices	28,086	Sub-lease
West Gate	Leeds	HMCTS	26,328	New lease
3 Piccadilly Place	Manchester	Arup	16,218	New lease

## KEY SALES TRANSACTIONS Q2 2023

PROPERTY	MARKET	SELLER / BUYER	SIZE (SQ FT)	PRICE (MILLION)
Sancroft, Paternoster Sq, EC4	Central London	Shimao Group Holdings / Mitsui Fudosan	303,000	£315.0 million
Film House, Wardour Street, W1	Central London	WeWork Investors / Hines	103,000	£130.0 million
Halo, Finzels Reach	Bristol	Tesco Pension Fund / CBRE IM (Hampshire CC)	116,000	£73.0 million
Axis Square, Holliday Street	Birmingham	London & Continental / Select Property	240,000	£40.0 million
Caledonian Exchange	Edinburgh	BlackRock UK Property Fund / Catella APAM	60,000	£25.0 million
One Whitehall Quay	Leeds	Legal & General / Consolidated Property	51,182	£20.0 million
Dalton Place, John Dalton Street	Manchester	Tesco Pension Fund / ValinvestRE	67,500	£28.0 million

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## **Valuation of the Rental of the Hospice Buildings' Gift in Kind from The Congregation of the Daughters of the Cross of Liege.**

St Raphael's Hospice benefits from 20-year leases on each of the three buildings on the site, including the gardens and carparks. We pay £100 for each lease each year, a "peppercorn".

However, for the purposes of our accounts we need to recognise the real value to the Hospice of these properties as a "Gift in Kind". The Gift in Kind was valued by reference to the rental cost of comparable properties (in the case of 759 London Road and St Bede's Conference Centre) and the cost of capital for the main hospice site. The valuations were undertaken by Nigel Grugeon FRICS of EhB Reeves as follows:

- 759 London Road: Rental of Comparable space = £23,600 per annum exclusive.
- St Bede's Conference Centre: Rental of Comparable space = £61,100 per annum exclusive.
- St Raphael's Hospice: No Comparable figures available; therefore using a Discounted Rebuild Cost of £3,740,000 @ 5% cost of capital = £187,000

In combination this amounts to £271,700 and the Board agreed upon a £270,000 representation in 2020.

For the purposes of the Audit for 2022-23 financial statements we need to consider whether £270k remains the right level to set the notional rental cost and the GiK, and therefore whether this is the correct figure to include in the fs.

Using the Cushman Wakefield Commercial Index for annualised commercial office rental growth as an indicator of change, (<https://www.cushmanwakefield.com/en/united-kingdom/insights/uk-marketbeat>), we see growth of 1% for the 12 months to March 2021 followed by 7% and 4% for 2022 and 2023, a total growth of 12%.

Applying this 12% uplift to the rental valuations would raise them from £270k to £302K, an increase of £32k per annum.

The materiality level for St Raphael's is around £105k.

As £32k is significantly below materiality, I propose that we do not change the Gift in Kind and notional rentals for these financial statements.

Nick Stevens

11<sup>th</sup> September 2023