

Aim

To update the Trustee Board on Commercial activity at St Raphael's Hospice.

Recommendations

It is recommended that the Trustees note the activity and developments since the last meeting.

RETAIL

Budget preparation for 2026/27

We have been working on preparing the budget for the coming year and provided a paper for Nick and Becca with our thoughts. The following are some of the edited highlights:

How do we continue growth in Retail for the year 2026/27 and beyond?

Our current strategy has really come to an end and although we will finish the year on budget, or just above, it's hard to see where any growth will come from. I am concerned that if we keep putting the same thing in we will get the same out. Over last 18 months we have cut retail expenditure to the wire, leaving little or no capacity to create anything new.

For some context, the Charity Retail Association (CRA) headlines on the performance across all charity shops both national and regional are as follows:

Income in 22/23 was the best as we came out of COVID, as a result in 23/24 a lot of charities over budgeted and trade was very flat between 2-3% increase against a backdrop of a lot of additional cost pressures.

Post pandemic there was an increase in paid staff as there was a national decrease in volunteer numbers. At its height the sector had 26,000 volunteers and currently there are around 20,000. Income in the first quarter of 24/25 was tracking at negative figures against like for like figures but picked up during the second quarter. Our own performance mirrored this.

Rag has settled at around 13p a kilo (Trinity and SRH receive 13p, but Princess Alice (PAH) is contracted at 10p). Regardless income from Rag is 0.9% of income which impacts in two ways, there is little point in expending energy trying to find a merchant offering more, as they are all roughly the same. The priority is that they just keep taking it. We had all thought that eventually the market would crash so badly that at best merchants would take rag for free or worst refuse to take it at all. The consequence of which would be we had to pay our waste companies to remove it. It looks now as if it has settled and SRH are taking part in a pilot, working with the CRA, and our merchant, to prevent us having to put any unsalable items in the waste.

One of the challenges we all face is to find other ways to maximise income from our unsold items i.e. clearance sales, kilo sales, reseller bundles, clearance shops and innovation etc. By quarter three like for like trade is looking consistent although there are an eye-catching number of charity shop closures, 180 shops for Cancer Research UK (CRUK) and 50% of all SCOPE shops. With pressure to make everyone's portfolio profitable some of the closures can be put down to a number of factors:

- A significant increase in costs from NI, wages and inflation in rent and utilities
- The success of large format shops or super stores, a charity might close 3-4 shops in a small area and put them all in one large store.

There is also an acknowledgement that the pressure on Hospices in general was more acute with many cutting services and shops.

Fly tipping was thought to have died back after its peak in 20/21 but it is currently worse than at the peak of COVID. This is put down to household waste sites charging to dispose of some items, making people book to attend etc. If a store is fly tipped, we do not advise our teams to clear it up, there is a risk to health from animal waste, broken glass, china and needle stick injuries. There is a hotline to report to the council, but it takes up to 48 hours to get it cleared. This can cause the public to have a negative view of our shops and often we will choose to clear it ourselves at our own cost and risk. If stores have a recessed door or are behind the pavement line, they will not remove fly tip as it is considered to be on private land. The CRA is lobbying the government and raising the profile of the problem through the media. Their stance is that this is household waste and that charities should not have to bear the brunt of the cost. There is also the issue of a massive increase in abuse from customers and shop lifting. The police will not attend unless you have CCTV and the feeling is that across the sector this is massively under reported as staff just see it as every day.

The fastest growth across the sector is in new goods although this comes with additional pressure for security.

We often compare ourselves to other Hospices and I was fortunate enough to attend a presentation from Royal Trinity Hospice Director of Retail.

The Royal Trinity Model (RTH)

The first point he made was that they considered they are in a very fortunate position and that they didn't feel that many Hospices could do what they have been able to do. It's actually a very simple model but requires a massive increase in staff, investment in staff training and development and dedicated roles for learning & development and corporate.

- RTH has 23 shops and ambition to grow to 28/30 – SRH 11 with an ambition to grow to 14/15
- Retail is the largest department for staff within the Hospice with 100 employees, including three Area Managers. (SRH have 29 contracted staff for retail = 17.5 FTE plus 14 Bank staff. Bank and contracted did 598 hours in December i.e. 14.95 FTE)
- Trinity took the decision that none of their shop team would ever loan work, all shops are staffed with at least 2 full time members of staff. (We do not record loan working but there is a lot of time when the team manage stores on their own and some stores have no days when they work with another paid member of staff, due to deliberate decisions based on income or annual leave and sickness). The benefit of no loan working is that you can focus on GA, standards and commerciality.
- RTH have four pillars: people, commerciality, customer experience & operations
- Retail offices and warehousing are in Balham
- Retail strap line is “to be London’s answer to sustainable fashion”
- Pay London living wage and more
- Operate a quarterly bonus around 3K per Annum per member of staff
- Got rid of eCommerce as expensive and they can sell high value items in their shops
- They price highly and have a policy of desensitising themselves to complaints re pricing
- Have a manager of the future program developing the managers of tomorrow from within the team.
- Focus on Gift Aid
- Provide a style guide and focus on seasonal heroes – (we have a price guide and seasonal operations)

- Feel they have created the best shops and invest in a program of long-term investment with refits, once is not enough
- Have a yearly customer survey and mark their individual performance against the results
- Upgraded their instore music to own radio station with messaging via ads
- Retail has one full time social media role who makes daily retail posts. (We have two members of staff who do this in addition to there day jobs and they get minimal engagement from the rest of the team.
- They have 3 retail exclusive corporate roles which has generated around 250 active corporate partners every year. Some donate a lorry full of stock and others a box. It took them 5 years to get Oliver Bonas who are based in Clapham. The shop staff are encouraged to approach pubs, drycleaners and local businesses for lost property etc. They recently secured Selfridges lost property
- They do not actively promote the work of the Hospice; there is a small amount of subliminal messaging on the shelves about making a gift in your will and where the money goes BUT you will not see adverts for fundraising and never a photo of a nurse!
- Lastly, they have set up a retail consultancy with their previous Director of Retail. Who also continues to provide them with two days a week consultancy.

Where St Raphael's is now?

We need to continue to grow our income particularly with increasing costs. We already do some of what RTH do but the biggest difference is in the investment that enables them to do so much more.

Over the last two years we have kept staff down to a minimum meaning the team often loan work with a lot of knock-on consequences:

- Shops are often not full, or stock has been out for longer than it should have been.
- Focus on Gift Aid is reduced as the people with the expertise have so many other demands, they are not always on the shop floor or providing volunteers with training.
- Our Lead Managers run shops and are not skilled as Area Managers.
- Commercial Manager and Commercial Director are both part time and step in as Area Managers when required.
- The team do not have sufficient training & development or support to manage their team and maximise income.
- We have an amazing team who go way beyond the extra mile but that there are no extra miles we can reach, we have come to full capacity.

Areas to include in the budget for 2026/27:

- Find new shops – We continue to prioritise this over other area's
- Increase the number of special events – already have booked 3 more Clearance sales, 1 wedding fair and a spring open evening for Wimbledon Village before the end of financial year 2025/26. Propose 2 preview evenings for both Wimbledon Village and Cheam and 12 Clearance sales for the next year.
- Look for specialist shops which could be smaller and cheaper to create possibly a book shop and a children's store.
- Build a range of new goods – the top sellers for other charities are: Knitting yarn, Umbrellas, Everyday greetings cards, which we do already have but can increase the range to include stationary, Reusable bags, Petcare and pet toys. Plus seasonal products: Mother's Day, Christmas, Summer - beach towel clips, luggage tags, outdoor/picnic dining sets, Winter textiles - socks, especially cosy/thermal socks and Xmas socks! Also gloves and hot water bottles – non sellers – Easter, Halloween & Father's Day

- Find more ways to harness innovation – Meet with staff and volunteers to explore suggestions they may have as well as working with the CRA and other charity retail specialist groups. Although it would be unwise to ask staff and volunteers if we are not able to take things forward.
- Create a customer service standard – A majority of our staff and volunteers provide excellent customer service. This initiative is about preventing theft particularly if you have a range of new goods.
- Refresh some of our stores particularly Wimbledon Village, and our signage and exterior redecoration on Banstead, Carshalton, New Malden, Raynes Park, Rosehill, Stonecot. General carpet cleaning and paint repairs to most stores, it's more than 5/6 years since most were refurbished.
- Replace all hardware for our tills in October 26 when they expire. The cost is £12,639 excluding Vat. plus £220 per shop IF they require an engineer to attend.
- Refurbish Sutton shop – in addition to improving the environment for staff and volunteers we will improve the flow and layout of the store enabling us to increase the quantity of stock and shopping environment and therefore increase sales. The cost is £26,471 excluding Vat.
- Work with other Retail Directors for our local Hospices to see if there is anything we can do together. For example, could we have increased buying power for sundries like till rolls, bags, fixtures and fittings etc.
- Attendance to the CRA conference for Commercial Director, Commercial Manager and Lead Managers.

We believe something has to change, if we keep putting the same thing in we can only get the same thing out. Building capacity and resilience is the only way forward, we can do more and innovate but there is fatigue and, in the end, the good will, will run out or people will burn out. Our Lead Managers are not Area Managers and there is not as much oversight and support for our shops as there needs to be. We very much crisis manage when a problem arises, we focus all our energy and resources on that one issue.

Options

Becca has set up a meeting with Daniel the consultant for RTH to explore the options and cost to work with him.

Last year we had a review with Vicky from the Charity Retail Consultancy, and before Christmas they provided us with our Gift Aid training. They know St Raphael's Hospice retail. Could we resource getting their support to help us develop a new costed strategy, building capacity and resilience and ultimately increasing income and profitability? They would be able to help us to know where investment will bring the greatest return, based on their knowledge and experience of the sector. They could also provide us with personnel for specific activity, meaning that we could jump start an initiative without increase in head count.

Areas they could support us with could be:

- Developing a new costed strategy
- Providing specific retail training for staff and volunteers
- Providing specialist staff to kick-start innovation

This kind of support would help us to build capacity and resilience, giving us time to focus on re-writing our operations manual, find new stores, expand events and pop-up shops, support shops to maintain standards, improving sales, better use of our stock and training and development. This would ultimately lead to greater employee and volunteer satisfaction.

Becca and Nick have also asked that we work up a proposed structure to free us from admin and build in some capacity. Also to review if we should revisit having an Area Manager and what that would allow us to do.

Commercial Update

HR & Staffing

We have had some performance issues we have worked with HR to resolve issues relating to management of other team members and volunteers, as well as issues within probationary period and long-term sickness.

Following the pay review, we advertised for the vacant posts and successfully recruited. However, some posts were filled from within the existing team, one manager choosing to step down to an Assistant Manager and other Assistant Manager choosing to move to another store. Which meant we still have some vacancies which we are about to recruit to. We also had a long-term sickness issue with a Shop Manager, and we have temporarily back-filled this with a short-term contract. The Shop Manager in question has subsequently resigned.

One of our Managers lost both of their parents within three months, and another has separated from her husband. Both of these shops are not performing as they should, but we have chosen to provide hands-on support, which seems to be paying off.

Wimbledon Park

The dentists withdrew their interest in Wimbledon Park, primarily due to the landlord not offering them 6-12 months rent free. This cost us legal fees. The agent remarketed the property immediately, and within a week we had 5 new viewings. One offer came from "Snoots the Vets," and despite our landlord's initial reticence, she has now accepted their offer. They want to be in quickly and we are just waiting for the Heads of Terms (HoT) to be signed. We have insisted that—should they withdraw—once they have signed the HoT, they are responsible for our legal fees. We are only waiting for the landlord's consent to a reduction in the maximum amount of dilapidations they are responsible for, and agreement to essential shop works, i.e., stud walling etc. I know we have been here before, but I am quietly confident with this. We will be affording them only one month rent free.

Clearance Sales

These have continued to go well, and we still hope to get near to £50,000 for this financial year. The team of volunteers are simply fantastic.

New Stores

We are signed up with a couple more agents, Alison Lawrence continues to work with us, and we have a lead on a small shop in Southfields. As yet, we have had no response from the landlords for the QEF shops we approached.

Landlords, leases & maintenance issues

We have a few leases sitting with our solicitor at the moment.

- Cheam – rent review agreed trying to change from DOC to SRH
- Raynes Park – rent review agreed to change from DOC to SRH and almost all complete

Outstanding leases

- Sutton – we have been out of lease since April 2025 and up for a rent review since 2022. The shop is in a terrible condition due to multiple leaks that the landlord has not got to grips with. He has made a number of inadequate repairs as he is reluctant to spend money on the property. We have made a few emergency repairs and got him quotes for what needs doing. He did make a proposed new rent which I refused and asked him to justify the nearly 50% increase. I told him we would not agree to a new lease until the issues were resolved, and we had an agreement that the lease would continue to roll month by month until he could fix the problems. In November I gave him an ultimatum that we would give him notice as I could not allow my team to work in such awful conditions, and I am not prepared to refurbish the store while there is a risk of water damage. He met Pete and I on site with a roofer, and he agreed what works he needed to undertake. Some are now complete, and we have removed the water diverter from the shop floor.
- New Malden – This landlord owns the property for his pension; he is one of the good guys. I raised the fact that our lease was due a review in July 2025, and he said he wasn't inclined to make any changes, and would rather leave it as it is until he has resolved issues with his pension provider who have gone into liquidation.

It is worth mentioning that when both of these landlords do agree a rent review, they have to do so from the value at the date of review i.e. Sutton 2022 and New Malden 2025. Alison Lawrence will also negotiate on our behalf and will find evidence of what the going rate in the area was at the time of the rent review.

We have finally managed to secure the return of the £10,000 rent deposit for Capitol House.

We completed a Datix regarding Morden shop and the refusal of Thames Water to replace the water meter on the 3rd September 2025, as there was an electrical current going through the pipework in the kitchen. When we opened the shop, we did not have a rewire as the wiring was adequate and there was no need to incur the cost. We did put in a new fire alarm and additional plug points along with some heaters.

Our electrician came to site and reported the problem to UK Power Networks as he was sure it was their issue. Following a visit, they said it was our problem, and after several visits from them and our electrician, they cut power to the shop and the flat above. Our electrician worked until 2am, providing certification to get the power back on. However, the issue had not gone away.

Despite our electrician checking with other electricians and a colleague who works for UK Power Networks, we needed to resolve the issue, and we have therefore had to rewire the remainder of the shop. This came at the coldest part of the year, and we lost several days trade as they could not work without heat and light.

DATIX

The following are the headlines of retail incidents between October & December:

Morden – Problem with electrical current, as above.

Cheam – Man abused our Sunday Assistant as she was going in to work.

Donation Centre - Possible drug addict demanding a refund for an item he hadn't bought. He would not leave the shop and was being very threatening to the team, so we gave him £40 and banned him. We saved CCTV and gave it to the police, but he was not identifiable.

Stonecote – Shop Manager had concerns that a volunteer was taking cash from the till. We moved the CCTV cameras and were able to clearly see her under ringing and hiding the cash in her

pocket and up her sleeve. She has been dismissed but due to her age we have not reported it to the police.

LOTTERY

I have completed the Gambling Commission quarterly return and approved financial accounts for Sterling.

SUPPORTER CARE

Supporter Care continues to support the retail activity, taking calls, supporting the banking of shop takings, and in our absence looking after the volunteer drivers and eBay activities. The phone systems have moved to Capitol House, though it is too early to say whether or not it is working well for us.