

St Raphael's Hospice
Minutes of a Meeting of the Finance & Resources Committee
Held at St Raphael's, London Road, Cheam, Sutton, SM3 9DX with video call
access
At 14:00 on Tuesday 15th July 2025

Members: Alan Cogbill (AC – Trustee)
Steve Chambers (SC – Trustee)
Ed Cook (EC – Co-opted Committee member and Board Advisor)
Paul Holmes (PH – Trustee – apologies)
Sr Kathleen O'Reilly (KO'R – Trustee - apologies)

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

Actions arising

Agenda item	Action	Responsible	Timeline	Ref.
4.6. Investment performance	Circulate Sarasin quarterly investment report to Committee	Nick Stevens	Immediate	15.07.25/01
5.3. Crowe audit planning report and fraud survey	Invite Crowe representative to next meeting	Nick Stevens, Anna Meeting	Immediate for October 2025 Committee meeting	15.07.25/02
	Share feedback on fraud questionnaire to Crowe	Nick Stevens	Immediate	15.07.25/03

The meeting commenced at 2.00pm

1. Welcome, apologies for absence and declarations of interest

Alan Cogbill welcomed Committee members and colleagues to the meeting. Apologies were received and accepted from Sr Kathleen O'Reilly and Paul Holmes, and Neena Vadgama did not attend due to prioritising the external audit which is currently in progress. There were no declarations of interest from Committee members in relation to items on the agenda.

2. Review of minutes from 6th May 2025 Committee meeting & matters arising

The minutes of the previous meeting were reviewed and approved as an accurate record of proceedings by the Committee.

3. Actions list and matters arising

Actions were complete, aside from the further development of money laundering procedures which was currently in progress and the Committee reiterated that this must come to the October meeting.

4. Finance report

4.1. 2025/26 year-to-date position – Nick Stevens shortfall of -£137k which is better than the budgeted shortfall of -£558k before the draw-down from the Daughters of the Cross (DoC), and highlighted key points of income and expenditure:

- NHS income is below budget due to the inflationary rise not yet being received - the initial offer was 2.15% and has moved to 2.83% (an additional £12,000). There has been investment income received in this quarter.
- Direct Costs of Services is on track overall, with some elements of this budget for staffing spend being higher than expected and so this is being reviewed.
- £238k in legacies has been received for Q1 which is higher than is often experienced at this point in the financial year, but three out of the four main gifts may be put to the 2024/25 financial year dependent on discussions with the auditors.
- Fundraising income is very strong including Major Donor income for which the full-year target has been achieved. The income forecast will remain the same however until there is more of a trend in place. The expenditure run rate is well-controlled.
- Retail is slightly above budget for income and below budget for expenditure, with a difficult trading environment.
- Collectively this builds into a confident start to the year from a financial perspective.

4.2. Cash and balance sheet – operating cash is slightly below the target (£3.5m vs £3.8m) as legacies have not yet translated into cash therefore there is no concern to raise. The Sarasin account includes a £0.5m fund that is readily accessible. Should income generation targets be met, cash would settle at c. £3m.

4.4. Hospice UK funding spending plans – this would be covered under the Estates item on the agenda.

4.5. Lottery plans - it is planned for Lottery management and oversight to move to the fundraising and communications team to facilitate better links to individual giving, and plans are progressing to move this in-house.

4.6. Update on investment performance – the investment performance has fluctuated, as shown in a graph in the paper. Volatility from world political and economic events impacts the portfolio – including the pandemic, wars and Trump being elected in the US. Overall there is a positive trend however, achieving 3.5% net vs a target of 3%. The Sarasin quarterly investment report would be circulated to the Committee for information.

5. 2024/25 annual report and audit

5.1. Going concern - A paper was tabled in relation to the going concern assumption within the audit process, showing scenarios relating to income and expenditure sensitivities that could occur in-year. The hospice must be able to evidence to the auditors that the organisation can meet its obligations for a 12-month period at the point of signing the accounts. The annual report should be signed in October 2025, therefore the relevant period is to October 2026. On the basis of the figures presented, and this timeframe, the Committee were content with the assumption that the Hospice is a going concern. It is recognised that should income targets not be met in this current year, further action may need to be taken to manage the cost base, and the Board would continue to keep a watching brief throughout the year.

5.2. 2024/25 latest estimate – the draft financial statements were reviewed with Crowe fully commencing audit this week, with a range of documents shared to the auditors for review. The narrative statements are still being refined and therefore should not be referred to at this point by the Committee; they will be shared in good time ahead of the October meeting.

Key points were shared from the draft statements:

- Nick Stevens summarised the component parts of the overall income and expenditure figures including the split of 'charitable costs' (direct costs and fundraising) versus operational costs. The percentage contributed by the ICB is increasing, but remains proportionately low. Staff costs are 70% of the cost base. The accounting treatment for the costs relating to hand-back of shop sites for which leases are being handed over has been agreed and this provision reduces the stated surplus provision.
- Total funds at 31 March 2025 amounted to £4.4m (2023-24: £4.28m) including designated funds of £1.05m (2022-23: £1.18m). There are four months of free reserves which sits well within the parameters of the Reserves Policy of holding 3-6 months. Cash in bank is complemented with the £0.5m in the Sarasin account that can be accessed relatively swiftly as needed. The statements outline the DoC funds that £600k is budgeted to be drawn down within 12 months, with the remaining £800k to be drawn down in future years.
- The Statement of Cash Flows shows that the net cash from operating activities increased by £0.5m, which is thanks to the DoC donation.
- Key points were highlighted from the notes to the accounts including bandings for Higher Paid Staff with more staff sitting in the £60k bracket including certain colleagues from the nursing team.
- Payments for redundancy, reported at £150k, do not include payment in lieu of notice (PILON) and therefore the total cash spend on the restructure was higher.

The Committee thanked Nick Stevens for the update and the timeliness of preparation of these draft statements. It was acknowledged that the legacies discussion may change

5.3. Crowe audit planning report and survey – the Committee noted the planning report, including the risk-based focus including management override and fraud. Crowe LLP would be invited to present to the October meeting on audit outcomes. Committee members recognise that the Board needs to have assurance around financial delegated authorities and sign-off processes – a discussion was held on the various measures in place including budgetary monitoring, whistleblowing/ speaking up procedures and dual controls. Stock-counting in the retail environment is also important however the proportionality of endeavours on this front must be kept in mind.

With the current financial controls in place, two or more staff members would need to collude in order for fraudulent invoices to be processed. The changes in the Bank Staff list would present the highest risk even though the CEO reviews this report on a monthly basis alongside HR. The opportunity to also learn from the lateral experience of the auditors from other organisational contexts was shared.

The Committee reviewed the questions along these themes within the report:

- **View on risks of fraud and misrepresentation of the financial position** – this was regarded as low.
- **Views on risks of internal fraud** – on the basis of the above discussion, this was considered as low unless colleagues should collude to commit fraud. There is a combination of proactive processes e.g. bank sign-off (with most transactions and also payroll involving four people in oversight), accompanied by monitoring checks e.g. Committee oversight of management accounts.

- **Views on risks in the sector** – it was viewed that the risks in the hospice sector were low, relative for example to certain areas of the private sector such as construction or international development non-profits. A written journal sign-off process could be introduced, however there are overarching controls and processes already in place.
- **Fraud or allegations of fraud** – it was confirmed that certain instances of low-level fraud had occurred when Nick Stevens had initially joined the Hospice that was dealt with through disciplinary procedures, within the Retail operation. Within the last six years, there was one low-level incident involving a volunteer. The fact that this issue had been picked up helped to evidence that there are oversight procedures in place. Donated items in Retail locations could be taken as a diversion of potential incoming funds, but only formally become the hospice's responsibility after they are sold. An external group could set up and pretend to raise funds on behalf of the hospice, although this could be difficult to identify or manage within the Hospice's span of control unless it is proactively brought to their attention. Fraud risks are also reflected on the risk register.

This input contributed by the Committee would be fed back to the auditors to decide on next steps.

5.4. Crowe advisory report on going concern – this was noted as included in the meeting papers.

6. Departmental risk register

The Committee focused on the 'red' finance-related risks - budgetary performance is monitored on an ongoing basis and should funding become more stretched, the Board is cognisant that it would need to consider staffing costs further.

6. Non-Clinical Corporate Governance

Alex Rudkin presented the report, and confirmed that the split of oversight responsibility for internal policies has been reviewed. The NHS data security protection toolkit has been completed, and the audit cycle in shops is underway but certain visits are slower than had initially been intended. The report includes an annual view on complaints, alongside health & safety and risk management. The Committee noted the report contents and thanked Alex Rudkin for the update.

8. IT & Estates Report

John Groom updated on key points including the proposed timeline for the new website to launch in January 2026, how the external firm had been engaged after a comparative process, the cross Hospice steering group and user engagement in the design, and strides made in the database management activity alongside HR system review, and disaster recovery planning. There are internal projects to adjust and refresh facilities including the drug store, womens' changing room and turning the mortuary into a multi-faith space. This would be funded through the Hospice UK grant. The team are pleased that the Housekeeping Manager was an internal appointment. Headline information on the timeframes and costings were shared. There are further items of capital spend such as air conditioning, fire door replenishment and IT security activities can also be commissioned within the timeframe, depending on the costs associated with the most major projects. The Committee discussed the benefits of using to the new website space to ensure interactivity, and cost savings for HR systems.

9. Any Other Business and Dates of future meetings

There were no further items raised under Any Other Business. The date of the next meeting was confirmed as Tuesday 14th October 2025 at 2pm.

The meeting ended at 3.45pm.

Approved.....

Date.....

DRAFT