



ST CATHERINE'S HOSPICE

**REPORT AND ACCOUNTS
2020-2021**

CONTENTS

3 Legal and administrative information

4 Chairman's and CEO's Report

6 Trustees' report

22 Report of the auditor

25 Statement of financial activities

26 Balance sheets

27 Cash flow statement

28 Accounting Policies

32 Notes to the accounts

LEGAL AND ADMINISTRATIVE INFORMATION

Directors and Trustees:

Chairman

Terence O’Leary

Catherine Blackburn

Lisa Compton

Alison Crombie

Alison Livesley

Gregory Andrews

Kate Midgley

Nicola Wiltshire

Gemma Dawson

Philip Ingleby

Richard Griffin

Officers:

Chief Executive

Giles Tomsett

Medical Director

Patricia Brayden

Director of Care Services

Carol Harris

Director of Income Generation and Marketing

Claire Irving

Finance Director

Cathy Heard

People and Site Services Director

Elly Powis

New Build Delivery and Collaboration Director

Paul Rycroft

Registered Office:

Malthouse Road

Crawley

West Sussex

RH10 6BH

Company Number:

01525404

Charity Registration Number:

281362

Auditor:

Haysmacintyre LLP

Chartered Accountants

and Statutory Auditors

10 Queen Street Place

London

EC4R 1AG

Bankers:

Barclays Bank Plc

90-92 High Street

Crawley

West Sussex

RH10 1YX

Solicitors:

DMH Stallard LLP

Gainsborough House

Pegler Way

Crawley

West Sussex

RH11 7FZ

Investment Advisors:

Sarasin & Partners LLP

Juxon House

100 St Paul’s Churchyard

London

EC4M 8BU

Rathbone Brothers plc

1 Curzon Street

London

W1J 5FB

CHAIRMAN'S AND CEO'S REPORT

In an unprecedented year, we have had to adapt and face significant operational and financial challenges head on. It's not surprising that our focus became more operational with strategic imperatives paused. Of primary importance as we review this last year, we would like to pay tribute to the executive leaders and the wider staff for their management of the crisis, maintaining the excellent standards of care we are known for, including implementing a range of critical safety measures that needed to be put in place.

The majority of our patients are in the extremely clinically vulnerable or vulnerable groups and were advised to shield. The services teams adapted quickly to guidance on Infection Prevention and Control (IPC) which included the use of Personal Protective Equipment for all patient encounters as well as regular testing of staff, patients and visitors. The hospice is proud to have been able to put the infection control measures in place to allow visitors throughout the year, albeit with reductions to the number of visitors allowed and limiting the duration of visits. This meant that wherever possible, we enabled family members to be with their loved one as they died. Multi-professional community care continued, with a move to providing as many consultations as possible remotely via telephone or video, limiting visiting to situations where face to face assessment was essential.

Our success is due to our staff and our dedicated volunteers. We recognise that investing in our people is key to maintaining the excellent service provided. The pandemic placed considerable burdens on staff through the decision to furlough many colleagues, the immediate deployment of new ways of working and an absolute focus on safe care through infection prevention and control discipline. Our ability to offer vaccinations to staff, soon after they became available to us, meant we were able to keep our staff safe.

We also note the humbling contribution and ongoing support of our volunteers during this difficult year whose contribution was also disrupted significantly. A number of volunteers actively continued to support the hospice in its service delivery, for example in counselling and visitor screening, even in the face of the limitations on face to face contact that were needed.

Alongside the challenges to service delivery posed by COVID-19, the impact on our ability to sustain and increase our income was significant. During the year, we saw our comparable year on year income drop

by 19.5% arising from the cancellation of most events and the closure of our shops during lockdowns. However, we have been touched by the incredible generosity of our community as our income generation team adapted their approach, focusing on a programme of supporter stewardship and fast tracking planned digital fundraising. We are very grateful to every person who has supported us over the past year, whether as an individual, family, group, Trust or company.

In anticipation of our income and cost challenges, we proactively carried out a full workforce review, providing a solid and efficient organisation structure, supported by multidisciplinary teams in support of our patients, families and friends, as we emerge from the pandemic, rebuilding our income and services in line with our strategic vision. This alongside focused cost containment resulted in a 9.2% saving of expenditure against the prior year.

In support of our financial position, we received emergency government funding support of £2.3m through Hospice UK negotiations, furlough and retail grant schemes. We would like to highlight the exceptional role Hospice UK provided in supporting

all UK hospices with central government funding negotiations. We also appreciate the government's recognition of the support needed by hospices, not only during this financial year, but in support of the build back of our income streams and capacity for the local health and care system.

As stated above our focus on strategic delivery was reprioritised due to the demands of pandemic response. Our plans for the new hospice at Pease Pottage were paused during the year. In January 2021, the Board approved the project to proceed at a revised cost of £16.3m with a modified design to meet the funds available. The Board approved to re-engage the Capital Appeal with a target of £1.5m, supported by external advice. The support of all donors is warmly recognised by the Trustees as we are committed to maximise the invaluable contribution that underpins this project.

With our NHS commissioning arrangements under review with NHS System leaders in both Surrey and Sussex, St Catherine's must now work afresh to build a profile with NHS system leaders in both areas and the importance of hospice collaboration



"Clearly, building back our income streams is key whilst recognising that COVID-19 protection measures will be a part of our care and other activities for the foreseeable future. "

to amplify this voice cannot be overstated. The seven Sussex hospices have been pursuing a collaboration programme since 2018. Although the pandemic brought a pause in the collaborative workstreams that had been agreed at the end of 2019, the seven hospices continued to support one another through mutual aid and knowledge sharing. Work will continue to progress these initiatives and more opportunities will be developed in the year ahead including a new focus on building a similar profile with our Surrey hospices. While each hospice holds fast to its local identity, we recognise the benefit of working together to make the most of our knowledge and resources in benefitting patients and families.

Clearly, building back our income streams is key whilst recognising that COVID-19 protection measures will be a part of our care and other activities for the foreseeable future.

Pivotal to our immediate and long-term future must remain our people plan delivery which has rightly focused on the safety and wellbeing of our staff so they can continue to offer our patients safe and effective care. Going forward we must continue to address our workforce requirements providing an inclusive culture that reflects the communities we serve in tandem with developing our staff and leaders who can help us shape the future.

Terry O'Leary Chairman
Giles Tomsett CEO

TRUSTEES' / DIRECTORS' REPORT

The Trustees are pleased to present their report and the audited financial statements of the company for the year ended 31 March 2021, a year in which hospice activities were severely impacted by the COVID-19 pandemic.

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's strategic report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and the Charities SORP (FRS 102) applicable to charities preparing their accounts in accordance with FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

OBJECTIVES AND ACTIVITIES

The hospice is a company limited by guarantee, and is a registered charity governed by its Articles of Association.

The principal activity of the company is that of a hospice, caring for people at the end of their lives and supporting their families, friends and carers across our catchment area of Surrey and Sussex by providing in-patient beds and community outreach services. In addition, there is a wholly owned subsidiary company, St Catherine's Hospice Trading (Sussex) Limited (Company number 2822933), which raises funds for the hospice.

The hospice's charitable objectives which were set by the Trustees, with due regard to the Charity Commission's guidance on public benefit, are:

- To relieve suffering, provide comfort and improve quality of life for people with progressive life limiting illness;
- To relieve the suffering of people facing or experiencing bereavement by the provision of counselling; and
- To advance research and education in palliative and end of life care.

St Catherine's Hospice services are provided equally to all members of its community with no charges levied to patients or their families. The NHS

provide partial funding of the health-related services provided, requiring over 70% of the hospice's expenditure to be met through fundraising and trading activities actively supported by the generosity of the local community and its donors.

Before the COVID-19 pandemic, in St Catherine's catchment area there were approximately 5,600 deaths each year, of which 20-25% could be classed as sudden or not predictable. Approximately 4,000 local people would therefore benefit from palliative care as they approach the end of life. St Catherine's is currently only able to reach one third of these people, a position we strive to improve.

Projections of future palliative care requirements will increase demands on the hospice by patients with increased clinical complexities and the evidence base is awaited as to how COVID-19 will further inform this picture. The increasing need is driven by an aging population and advancing medical care enhancing the life expectancy of patients managing life limiting and terminal illness, who will also live with greater co-morbidities. To support this, the Trustees recognise their responsibility to ensure that the charity maintains its high levels of care whilst

developing its expertise and reach to support its community further. Again, the implications for our service because of the palliative needs of survivors of COVID-19 is a new factor to consider and we will continue to work with NHS leaders and the broader hospice sector to consider this important emerging dynamic.

Our Vision

A world where everyone can face death informed, supported and pain free.

Our Mission

Pioneering standards in expert care and support, for anyone facing death and bereavement.

Our Strategy

Our Strategy 2019 – 2025



OUR VALUES

The charity has aligned its values to deliver its strategy. These values are embraced within the organisation defining who we are and how we act.

Human

We treat people with understanding, patience, respect and above all dignity. We are the welcoming smile, the talk over a cup of tea, the human touch.

Courageous

We stand firm, we do not flinch in the face of hard news, but always with humanity, sensitivity and respect for our community.

Energetic

Whether we're out running a fun run or at the hospice greeting our patients, we bring the energy and the optimism to make the most of every day.

Connected

We are not an island, we thrive on partnerships and working with others, we believe we're better and stronger together.

Expert

We are looked up to by our community and peers as the organisation to go to for knowledge, training, best practice and latest techniques.

STRATEGIC REPORT

Achievements and Performance

St Catherine's has continued to demonstrate significant impact in its community promoting continuing excellence even in the face of the toughest challenge placed on healthcare organisations in living memory. As a result, our focus was on delivering a safe and effective service, whilst supporting our staff and protecting our income to ensure our future sustainability.



"For me the hospice is like a second home and family. It's a place that gave me hope and made me see the whole world with different eyes. And every patient I've cared for has given me a life lesson." Ela, Staff Nurse

Staff and Volunteers

The pillar to all our success remains our staff and our dedicated volunteers. This year:

- Our staff and volunteers engaged with virus testing, working from home requirements, and changing practices to maintain safety, as a result of COVID-19.
- We supported our staff and volunteers, including those we had furloughed, with a clear focus on communication and support for their wellbeing and safety.
- The majority of staff report a high degree of satisfaction (and pride) in the way the organisation has responded to the pandemic and worked to support the NHS.
- Despite the pandemic, volunteer support was amazing with over 60 individuals starting in a voluntary role with us.
- Our volunteer counsellors, support visitors and telephone buddies worked throughout the pandemic to continue our valued support to locally bereaved families.
- Acknowledging our financial pressures, we engaged in an organisational workforce review to provide a solid and efficient organisation structure, as we re-engage with our strategic priorities.
- Our staff and volunteers enjoyed our virtual awards ceremonies celebrating long service and exceptional contributions.



**APPROXIMATELY 1,300
PEOPLE WERE PROVIDED
WITH END OF LIFE CARE**



**OUR PRACTICAL CARE TEAM
MADE OVER 4,000 PATIENT
VISITS, ENABLING PATIENTS TO
REMAIN AT HOME**



**AN AVERAGE OF 290 CONTACTS
WERE MADE PER DAY BY OUR
CLINICIANS TO PATIENTS AND
/ OR FAMILY MEMBERS IN THE
COMMUNITY BY PHONE, VIDEO
LINK OR FACE TO FACE**

"Being able to visit Anthony brightened my spirits. After not being able to see him in hospital it made such a difference. I always felt safe that I was being looked after, so was Anthony and the other patients, with COVID temperature checks and PPE. That was really reassuring."
Arlene, Relative

Service Delivery

The COVID-19 pandemic presented considerable challenges to provision of services throughout the year.

- We responded quickly to the changing requirements during the year, ensuring inpatient services remained open to admissions (except for a short closure due to an outbreak in December 2020 / January 2021 which was managed effectively with support from Public Health England) enabling family members to be with their loved one as they died.
- In the community, consultations were carried out remotely via telephone or video, limiting visiting to situations where face to face assessment was essential.
- Our telephone advice line remained extremely busy, responding to calls from patients, carers, and health and social care professionals.
- A new volunteer buddy scheme provided regular contact to people who were socially isolated as our Living Well Centres and outpatient activities were paused.
- Medical and nursing community team members worked collaboratively with local primary care networks to provide advice and support to professional colleagues, including care homes and frailty multidisciplinary team meetings.
- Collaborative educational work with other hospices was further developed, particularly through Project ECHO – the development of a facilitated learning network which uses hospice expertise to support care homes across Sussex and East Surrey to improve skills and confidence in end of life care.
- In response to the constraints of the pandemic we have agreed with our local NHS partners to limit our inpatient capacity to around 12 beds with a view to working with the NHS on hospice sustainability for the future.
- Supported by local NHS Commissioners, we ceased our specialist lymphoedema service in January 2021, allowing us to focus on core activities.
- The Horsham Hospital League of Friends recognised our need to pause our shared project to build a stronger focus on carer support with a re-start expected in summer of 2021.



"The Telephone Buddy scheme has made a real difference. I'm classified as extremely vulnerable so I'm not able to go out and I only get the odd conversation with people. Speaking to Graham each week has been a lifeline." Earl, Patient

Investing in New Premises

The SMT and Trustees took the decision to pause the new hospice build programme during 2020 while the charity focused on its financial and operational response to COVID-19.

- In January 2021, having fully reviewed our business case and financial forecasts the Board approved a revised building scheme, retaining 24 beds and outpatient facilities.
- Barnes Construction Limited, our selected partner, supported the development of the revised design process with the close engagement of service facing staff.
- The revised programme budget will be £16.3m.
- A revised capital appeal of an additional £1.5m was launched in support of the revised programme.

Providing Leadership in End of Life Care

The Trustees recognise the importance of being a core and integrated part of the healthcare infrastructure to maximise the care and support given to the community it serves. The charity collaboratively works with existing and emerging new NHS and social care structures across Sussex and Surrey.

- Senior clinicians and executives from the hospice provided leadership and input into various groups and work streams, supporting the COVID-19 response.
- The charity's Medical Director has remained the EOLC Clinical Lead for the East Surrey Integrated Care Provider (ICP) and for the Crawley, Horsham and Mid Sussex area of the West Sussex ICP

- We remained active in a fully commissioned domiciliary care pilot for people approaching end of life across West Sussex.
- We paused all research activity until such time as this activity could responsibly re-start.
- We were delighted to see one of our directors take up the role as Collaboration Programme Director in the Sussex Hospices Chief Executive Group as we re-engaged collaborative efforts following a pause in activity in the earlier part of the year.
- The Chief Executive has maintained a Board role as part of the local Crawley, East Surrey and Horsham (CRESH) NHS 'Place', to ensure the hospice 'voice' is a valued and constructive advocate for people with life limiting disease, palliative and end of life care needs in Sussex and Surrey.



"It's a privilege to be given a window into someone's life. One gentleman I rang was a jazz singer and musician who'd sing to me on the phone. It was magic. Our calls gave him an outlet to express himself and his treasured skill, and it was lovely for me to validate his interests." Hannah, Volunteer

Voluntary Income

Alongside the challenges to service delivery posed by COVID-19, the impact on our ability to sustain and increase our income was significant.

- Our focus on strategic income generation activity was paused during the year as we refocused our efforts to maximise our income.
- Our community has been amazing and has continued to support us through this difficult year.
- We raised £350k through generous emergency appeal donations at the height of the pandemic.
- We had to cancel our events programme for the year as a result of the pandemic and also felt the impact of lockdown on our corporate income.
- We re-focussed our approach on a programme of engagement with our supporters and fast tracking a digital offering.
- Our retail shops were closed for the majority of the year, although support was high during the brief trading periods and goods donations were exceptional.
- We focused our retail efforts in online sales.
- We seized the opportunity to review our retail offering revisiting our retail strategic direction.

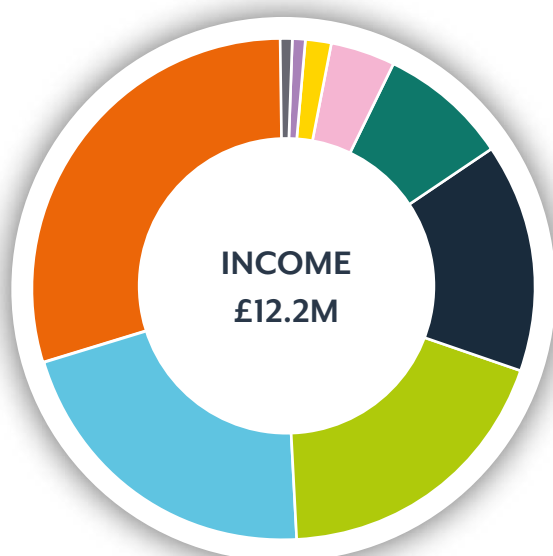
FINANCIAL REVIEW

The Statement of Financial Activities on page 25 provides the detail of financial performance.

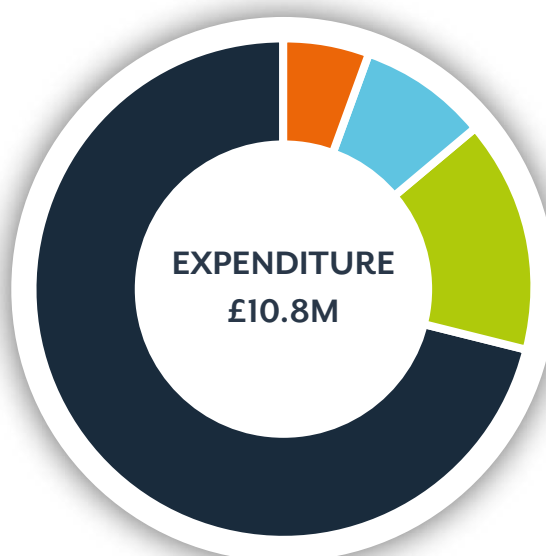
In the year, the charity recognised:

	Excluding Government Support	Government Support	2021	2020	% Increase / (Decrease) YoY excluding Govt Support
Income	£9.9m	£2.3m	£12.2m	£12.5m	** (19.5%)
Expenditure	£10.8m	£0.0m	£10.8m	£11.9m	(9.2%)
Investment Gains	£0.5m	£0.0m	£0.5m	£0.1m	
Net Income	(£0.4m)	£2.3m	£1.9m	£0.7m	

** Note £0.2m of Government funding was received in 2020.



£0.1M	Other Income
£0.1M	Investments
£0.2M	Capital Appeal
£0.5M	Trading Activities - Retail
£1M	Trading Activities - Other
£1.8M	Legacies
£2.3M	Government Support
£2.6M	Donations
£3.6M	Charitable Activities



£0	Capital Appeal
£0	Investments
£0.6M	Trading Activities, Other
£0.9M	Donations and Legacies
£1.6M	Trading Activities, Retail
£7.6M	Charitable Activities

COVID-19 continued to impact both income and cost during the financial year:

- The greatest impact on our income, with a drop of £1.4m, was seen in trading activities with fundraising events cancelled and retail shops closed for significant periods during the year, including the hospice's coffee shop.
- Our capital appeal was put on hold in the year as a result of the pause on the new hospice build.
- Emergency appeals exceeded our expectations as our community showed their loyal support.
- We experienced higher legacy income in the year of £0.5m with increased notifications and a buoyant housing market.
- We benefitted from £0.5m of investments gains as markets bounced back.

- We managed our cost base in the year, supported by furlough and rates related grants to mitigate income uncertainty. Our workforce review played a significant part, whilst driving a robust organisational structure to support our future ambitions.
- We paused many of our strategic initiatives, supported by designated funds, including our New Ambition initiative for income generation and digital transformation projects such as our Electronic Patient Record System.
- We received £1.6m of Government funding in the year, negotiated by Hospice UK in support of hospices across the UK. This income was restricted by Hospice UK to be used to support patient care against charitable costs, excluding income generation, in its delivery. Expenditure has been allocated as a reserve transfer in the year as detailed in the section reserves and going concern on page 14.

- £0.1m of income, aligned to specified costs was received from local CCGs in support of COVID-19 costs to support the system during the pandemic.
- We relaunched the capital appeal in March 2021 with a target of £1.5m, with £161k raised and £250k received in early 2021/22.
- In support of ensuring the revised design retains family spaces throughout our two inpatient wings, we have received pledges for generous donations from Thakeham Homes, of £0.6m and Mr Bill Bridges, of £0.22m.
- Expenditure to date brought the project to RIBA stage 4, with funds of £13m currently in reserves to support the project recommencement in 2021.



■ **£0.8k** Donations Pledged
■ **£1.3k** Capital Appeal to Raise
■ **£14.1M** Funds Raised



■ **£1.2M** Expenditure to Date
■ **£15.1M** Remaining Expenditure

Reserves and Going Concern

During the financial year robust forecasts were produced to 2024/25 supporting the strategic direction of the hospice informing the Trustees' decision making process in the new hospice development. The impact of COVID-19 and the resultant COVID-19 centred risk register focused the Trustees and Executive's attention to monthly reforecasts during the year, which reverted to quarterly from Q4 2020/21 as volatility eased and a clearer line of sight was obtained.

Having reviewed and formally agreed the forecasts and cashflows prepared in January 2021, together with the Executive's recovery plans, the Trustees believe, to the best of their knowledge, that the charity remains a going concern for the 12-18 month period from the date of approval of the financial statements.

St Catherine's reserves policy is to maintain free reserves at a level that is sufficient to protect services from the potential financial impact of known significant risks over the short to medium term. The assessment of risks to inform the reserves policy is derived from the corporate risk register, with the key risks detailed on page 15 and 16 and is reviewed at least annually or more frequently if there is a major change in circumstances. In addition to known and approved capital and other commitments, which are set aside as designated funds, the charity's policy is to hold between £4 and £9 million in general reserves. This policy remains valid having overlaid and tested the COVID-19 risk register and associated financial impact.

The net movement in reserves in the year is set out in Notes 19 to 22 to the accounts.

Total reserves at 31st March 2021 were £25.3m, (2020 - £23.3m), with available reserves of £21.2m and Free General Reserves of £6.6m (note 19), (2020 - £5.3m).

Net Expenditure excluding COVID-19 (C-19) government support during the year was £256k.

Focusing on Unrestricted General Reserves which is equivalent to the hospice's operational position a net loss of £858k was seen in year as a direct impact of the pandemic on voluntary income generation, excluding government support. The build back of the investment market resulted in a net unrealised gain of £541k resulting in net loss on unrestricted general reserves of £317k, as illustrated in the table below:

	Restricted Reserves Govt Support	Unrestricted General Reserves
Balance as at 01/04/2020		£7.3m
Income / (Expenditure) on operational activities		(£0.8m)
Investment Gains / (Losses)		£0.5m
Net Income / (Expenditure)		(£0.3m)
Balance as at 01/04/2021		£7.0m
C-19 HUK Income	£1.6m	
C-19 Furlough Income		£0.5m
C-19 Rates Grants Income		£0.1m
C-19 Net Government Support	£1.6m	£0.6m
C-19 HUK Funded Cost Transfer	(£1.6m)	£1.6m
Other Transfers		(£0.7m)
Balance as at 01/04/2021	£0.0m	£8.5m

Government Support by way of Furlough and Retail Rates Grants totalling £600k was received supporting the hospice's staffing and retail costs during the year where fundraising and retail income were severely affected to maintain safety, complying with government guidelines. This funding improved the net unrestricted expenditure position from £317k to a net income of £283k as seen in the SOFA on page 25.

The hospice was supported during the year with Government support negotiated by Hospice UK with NHSE to a value of £1.6m, and restricted to support patient care against charitable costs, excluding income generation, in its delivery.

A further £0.2m of funding was received by local CCGs, restricted in support of the provision of additional capacity with clear restricted cost alignment in the year.

The restricted HUK receipts of £1.6m have been matched to cost via a reserve transfer from unrestricted general funds to restricted funds, thus preserving transparency of operational cost and year on year comparisons.

The hospice's "free" reserves (unrestricted general reserves less the value of unrestricted fixed assets) at 31 March 2021 were £6.6m as seen in note 19, which aligns with the charity's reserves policy.

Market Value of Land and Buildings

Freehold land in Crawley was donated to the hospice and valued at £60,000 by the Directors in December 1983. All other freehold land and buildings shown in Fixed Assets in the Balance Sheet are included in the financial statements at cost or open market value if lower. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the amounts shown in the financial statements.



Investments

The overall objective of the charity for its investments, which represent reserves held consistent with its reserves policy, is to provide financial security and stability, recognising that the charity is exposed to a degree of financial risk due to the variable and uncertain nature of its income streams.

The Trustees have agreed that the charity's assets can be invested widely and should be diversified by asset class, by manager and by security. Asset classes could include cash, bonds, equities, property, hedge funds, structured products, private equity, commodities, and any other asset that is deemed suitable.

The charity seeks to produce the best financial return within an acceptable level of risk. The charity has adopted an ethical investment policy to ensure that its investments do not conflict with its aims or can lead to reputational damage. The investment objective for the long-term fund is returns which over a rolling 5 years achieve of CPI +4%.

The Financial Sustainability Committee has responsibility for agreeing the investment strategy, setting benchmarks and monitoring the investment assets on a quarterly basis.

A formal evaluation of each fund managers' performance and consideration of the need to undertake full market testing is undertaken every 3-5 years. The Financial Sustainability Committee will give consideration to the timing of this evaluation at the same time as it reviews the overall investment policy.

Note 14 gives further information on the Investment position as at 31 March 2021.

A significant element of the charity's investments are held with Rathbone Investment Management, Sarasin and Partners LLP and CCLA, where investments have been de-risked or held as short term cash deposits to protect funds required for the imminent New Hospice build.

Given the pandemic and the risks associated with future performance as we re-start our New Build project, the Financial Sustainability Committee are considering the investment strategy to continue to protect funds available for the project, but also to ensure that funds are not put at risk in support of operational requirements during this period.

QUALITY

We have maintained our focus on the quality and reach of our services and income generation development, whilst strengthening our supporting activities through our integrated governance framework.

We have continued to meet its high standards of care, including the introduction of critical safety measures to protect our patients, families, staff and volunteers.



- A CQC inspection was carried out in 2016 with an overall rating of Outstanding.
- We continue to work closely with the CQC to provide assurance that the organisation remains committed to improving its quality and is fully compliant with all statutory requirements.
- The CHKS (Comparative Health Knowledge System) inspection framework informs the charity's internal Quality Management System, which is recognised by CHKS as the embedded approach across the entire organisation's activities. Recent assessments acknowledge the strength of our collaborative and integrated approach.
- The IIP accreditation reminds the organisation of the requirement for a comprehensive People Plan, something the charity is fully committed to not least in recognising the additional safety, welfare and activity/service delivery pressures placed on all our staff and certain volunteers through the pandemic.
- The charity has an assurance framework in place to ensure it is compliant with GDPR requirements and the Data Protection Act 2018. Annual submissions are made to the NHS Data Security and Protection Toolkit to provide assurance that the hospice is practising good data security and that personal information is handled appropriately.
- We support a "Voices of Experience" group who regularly provide input of patient, carer and family experiences to supporting us in enhancing the quality of our service and providing the care required to meet the needs of our community.
- As part of the Quality improvement programmes, measuring outcomes is key to ensuring we meet the needs of individual patients and make a positive difference to people (and their families) who receive our care.
- In delivering our strategic plans we fundraise ambitiously, responsibly and in accordance with the Charities Act, Codes of Fundraising Practice set out by the Fundraising Regulator, with whom we are registered, and Gambling Commission.
- We work with organisations raising money on our behalf. We proactively monitor their activities to ensure compliance and the protection of vulnerable people. We carry this out through a variety of methods including face to face meetings, contact and follow up with donors, a robust complaints system, mystery shopping and audit. During the financial year 2020/21 the charity received and managed 1 complaint (2019/20: 2 complaints) about its fundraising activity.
- We are committed to the efficient use of all funds raised to maximise the reach of people we can support. We are accredited with the Hospice Quality Partnership, developing contractual partnerships with the organisation's supplier partners.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees regularly assess the major risks to which the charity is exposed, both operationally and financially.

A formal strategic risk register is maintained and regularly reviewed during the year by the Senior Management Team and appropriate Committees, chaired by a Trustee. The Trustees recognise that effective risk management is integral to the achievement of the charity's strategic and operational objectives. A comprehensive risk management framework is in place to ensure the effective management of both strategic and operational risks. Training is in place for managers as part of the charity's management training programme.

In response to the COVID-19 emergency, an additional risk profile was managed by the SMT. As the impact of COVID-19 became a part of our new normal ways of managing the organisation, the risk register was subsumed into the hospice's strategic and operational risk register. The table below highlights the significant risks identified on the charity's risk register and agreed by the Trustees:

Strategic Risks	Controls & Mitigations
Impact of COVID-19 and our ability to build back our income generation activities to meet our operational forecast	<ul style="list-style-type: none"> • Reorganisation of the Fundraising team to support future activities and supporter engagement. • A Retail review carried out to identify opportunities to optimise income, aligning our offering to individual locations and engaging further with our communities. • Re-engagement of the Capital Appeal in support of the new hospice.
Inability to meet all requirements to proceed with the New Hospice build.	<ul style="list-style-type: none"> • Approval of a reduced scheme by the Trustees to support our financial position and Capital Appeal expectations. • Undertaking significant stakeholder engagement to maintain land donation, agree approach to utilisation of the community hub and progress build. • Engaging with Barnes, the main contractor to secure a renewed fixed price contract to meet our revised budget.
Adverse impact of significant organisational change on our ability to maintain a skilled and motivated workforce.	<ul style="list-style-type: none"> • The organisational restructures in 2020 affecting the income generation and support services directorates were accompanied by effective communications, support and coaching, remaining mindful of the individuals involved. Now concluded these teams are embedding their new structures. • The Clinical team have engaged in their consultation with the same support in order to derive an efficient structure to deliver our future strategy as we develop our services towards the new hospice.
Unable to secure ongoing statutory funding to meet our operational forecast	<ul style="list-style-type: none"> • Local Commissioners fully aware of our financial projections – matter under review within local Clinical Commissioning Groups (CCGs). CQC also aware. • Wider NHS organisational change under consultation suggesting our CCG contracts will move to new NHS bodies with further information awaited.

Strategic Risks	Controls & Mitigations
Leadership; maintaining the organisation as a going concern.	<ul style="list-style-type: none"> • Routine financial reporting and forecast processes providing timely insight of our financial position for decision making purposes. • Organisational restructures will secure efficient delivery of services, whilst maintaining our high standards of patient, family and carer support.
Inability to provide a safe environment to support treatment of patients.	<ul style="list-style-type: none"> • Our policies and processes together with NHS engagement have allowed us to be responsive to changing conditions, ensuring operational practice remains in step with changing conditions and requirements to keep staff, volunteers, patients and their relatives safe. • Our governance structure embeds review and learning to ensure we remain alert and responsive to our safeguarding principles.
Insufficient IT capability to support revised working regimes.	<ul style="list-style-type: none"> • Digital Solutions are high on our agenda supported by the Trustees as we emerge from the pandemic and secure future resilience. • The launch of SystmOne, our new Electronic Patient Record System in 2021/22 will support our clinical teams in patient care.

FUTURE PLANS

Our strategic priorities have not changed as a result of the COVID-19 pandemic, despite being paused during this financial year. However, we will also focus on the financial impact of the pandemic and any emerging clinical needs in relation to delivery of care to people who are at their most vulnerable.

Income

Recognising that COVID-19 will be a part of our lives for the foreseeable future we will continue to adjust to ensure a sustainable future.

- We will rebuild our income focusing on innovation alongside careful planning, nimble resource deployment and budgetary control.
- Our key areas of focus in the year ahead will be:
- Delivery of a successful Capital Appeal of £1.5m in support of the new hospice.
- Recovery and growth of our voluntary income, focussing on individual donations and strengthening our loyal supporter base.
- Safely resuming public fundraising.
- Strengthening our retail operations and build back of income now that shops have re-opened.

- Understanding the statutory sector's imminent re-organisation and building a profile with the newly re-organised system when it emerges.

Staff and Volunteers

The key focus will be on delivering the People Plan, which immediately focuses on the safety and wellbeing of our staff:

- Workforce Planning – We will embed the organisational structures put in place as a result of our consultation processes, developing our strategy for services as we look ahead to our transition to our new hospice facility.
- Communication and Engagement – We will ensure our staff and volunteers feel engaged through greater involvement including enabling safe and secure methods for feedback and ideas.

- We are committed to Succession Planning and Progression which will enable our organisation to build its future resilience.
- Management Training – We will ensure our managers are confident in their roles and can meet the challenges of these roles allowing input to drive and lead required change.
- We will expand the engagement of Volunteers within the hospice to safely maximise impact.
- Equality Diversity and Inclusion – we will focus on understanding why our workforce currently doesn't reflect the communities we serve, understanding the impact on those that access our service. We know that an inclusive culture attracts, develops and retains talent and we are committed to improving this.

- We are committed to collaboration across the seven Sussex hospices and seek further enhancement with our Surrey colleagues. The Sussex workstream programme is growing momentum and will continue to seek further opportunities. Current workstreams include the delivery of:
 - A Sussex-wide Project ECHO telementoring hub to deliver education in care homes.
 - An online platform for sharing mandatory training.
 - A shared management education programme.
 - Joint posts between individual hospices.
 - A common data set for stakeholder reporting.
 - Benchmarking costs and activity for core services.
 - A collective representation at key planning forums in the Sussex healthcare system.

Investing in New Premises

Work will commence this year to prepare the organisation for the transition to the new premises, incorporating the lessons from undertaking care and providing a safe facility during the pandemic.

- Our build programme, at the five acre new site is scheduled to begin in the Autumn of 2021 following final planning approval and will take approximately 18 months to complete.
- The revised new hospice will maintain its Sussex barn style look with:
 - 24 bed ensuite inpatient facility with family sitting, bariatric and dementia friendly spaces.
 - A reflective courtyard garden centred around our new spiritual space with a further space for our staff to enjoy the outdoor air during breaks.
 - A discrete entrance for patients with increased car parking facilities for our many visitors as well as staff.



- Outpatient and group therapy spaces will be sited to face out on to the development's main square, being a grassed area around which 600 homes are being built.
- The relaunch of our capital appeal is targeted to raise £1.5m
- We will open the new facility in 2023.
- The charity plans to sell the current site, liaising closely with Crawley Borough Council who own 26%.

Developing our Service Proposition

With our restructured service delivery model in place we can focus on safely delivering our key service priorities more efficiently across multi-disciplinary teams as we work towards our transition to the new hospice.

These service priorities remain as follows:

- Inpatient Services – We will maintain our expertise in the provision of complex care for those approaching end of life rebuilding capacity for offering respite and step-down care.

- Community Services – We will align our services to deliver care more effectively and efficiently alongside statutory and other health and social care colleagues, reaching beyond cancer to those who are frail and living with multi-morbidity.
- Wellbeing Services – We will strengthen our wellbeing and group support capabilities for those facing death in tandem with increasing the scope and scale of our carer and wider community support services.
- We will deliver a new Electronic Patient Record System, SystemOne which will enhance our service delivery.

Providing Leadership in End of Life Care

- We will continue to work in collaboration with the local NHS to highlight the needs of people facing end of life and those close to them.
- We will continue to promote better identification of people who are in the last year of life, improved care co-ordination across all settings and to encourage honest conversations about death and dying as well as advance care planning.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The directors are also the Trustees of the charity for the purposes of company law and as such are responsible for the management of the hospice's affairs and its future strategy. The Trustees are required to hold at least four Board meetings a year. There are six committees, chaired by a Trustee which are attended by the appropriate Senior Management Team Member(s), which meet prior to and feed into each Board meeting.

- Financial Sustainability Committee (includes income generation activity)
- People and Development Committee
- Quality Committee
- Board Effectiveness Committee
- New Build Project Board
- Remuneration Committee (Chief Executive remuneration only)

Rotation, recruitment and appointment and induction of Trustees

The Trustees consider it essential that the Board is strong, well-balanced and effective comprising members with the requisite professional skills and experience in healthcare or local services to properly represent users of the charity's services. Looking forward, the Board will carefully consider how to increase its diversity and inclusion to better meet the needs of the local population.

Trustees are recruited through local advertising and a robust selection process. Trustees serve for a maximum of two terms of four years each.

An induction programme is provided to all new directors. They are advised of their responsibilities as directors and Trustees, including their legal

obligations under charity and company law and the Charity Commission guidance on public benefit, given copies of the charity's governing documents, and are appraised of the charity's aims and activities, current financial performance and its plans for the future. All Trustees receive an annual performance review and are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

The Trustees who served St Catherine's Hospice during the year were as follows:

Terence O'Leary	Chairman of the Board & Chair Remuneration Committee
Catherine Blackburn	Chair People and Development Committee
Lisa Compton	Chair Quality Committee
Jan Dowding	Resigned July 2021 Co-Chair Financial Sustainability Committee to June 2020
Gregory Andrews	Chair Financial Sustainability Committee from June 2020
Alison Livesley	Chair Board Effectiveness Committee Lead Trustee supporting the NBPB Chair, Andrew Wates
Nicola Wiltshire	
Alison Crombie	
Kate Midgley	
Gemma Dawson	Appointed November 2020
Philip Ingleby	Appointed November 2020
Richard Griffin	Appointed November 2020
Christine Maclean	Resigned June 2020 Chair Board Effectiveness Committee to June 2020

Given his significant relevant experience, the charity is delighted to enjoy the support of one of its Vice Presidents, Andrew Wates, who leads the New Build Project Board. Also supporting this effort is Mr Bill Mackie whose guidance on legal and other matters impinging on the new build programme has been, and remains, greatly valued.

Two Trustees resigned during the year. The Trustees would like to thank them for their valuable contributions during their time with St Catherine's Hospice.

Three Trustee elects were formerly appointed as Trustees in November.

Following the changes in Trustee during the year and in line with the rotational expectations, a reorganisation of the committee chairs was made with those changes in place from June 2020 as shown above.

The General Meeting was virtually held this year, where the Trustees provided an overview of our achievements and future plans, allowing additional challenge to the Trustees and the organisation, on behalf of the community.

Senior Management Team

The Board delegates the day-to-day management of the hospice to the Chief Executive, Giles Tomsett and the officers of the company:

- Medical Director
Patricia Brayden
- Director of Income Generation and Marketing
Claire Irving
- Finance Director
Cathy Heard
- People and Site Services Director
Elly Powis
- New Build Delivery and Collaboration Director
Paul Rycroft
- Director of Care Services
Carol Harris
- Interim Director of Wellbeing
Katy Cox, Resigned July 2020

Claire Irving acted as Chief Executive for the period between February and June 2020, covering Giles Tomsett during an approved three-month unpaid sabbatical. On his return, the Chief Executive also took over responsibility for Wellbeing Services, pending the service delivery restructure which commenced in April 2021. The Trustees would like to thank Giles and Claire for their significant contribution during this period.

The charity has set up a clear pay progression arrangement for its senior leaders which reflects arrangements in place for all staff and managers. As the charity strives to make its reward offer as competitive as it can afford, it will continue to consider managers and senior management remuneration. The pay points for the Senior Management Team are now in place having recently been set, using benchmarks for similar sized charities. Pay progression for these senior officers is delegated to the Chief Executive. The Chief Executive's pay also progresses over several pay points and progression is agreed by the charity's Remuneration Committee.

The Senior Management Team meets weekly, rotating meetings to review strategy and business plan delivery,



the quality management system across all activities, risk management and operational service performance, including budgetary review and regular reforecasting. The SMT have been trialling the closer engagement of the charity's senior managers recognising the risk that the pandemic might impact the availability of leaders at any time. This pilot has proven very successful and will be consolidated within the charity's Integrated Governance Framework.

Information is cascaded to the Heads of Department and key managers in two monthly interactive update sessions and to staff through appropriate all staff meetings, awards events and departmental team meetings. In the last year all meetings were held virtually. Trustees are invited to attend these meetings periodically to assure themselves of the quality of communication, education and training that is being provided.

Statement of Directors Responsibilities

The Board of Directors is responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006

and the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102.

Company law requires the directors 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- ensure compliance with the methods and principles in the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1st January 2019.
- make judgements and estimates that are reasonable and prudent.



- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Details of directors' interests in contracts and related party transactions are given in note 10 to the accounts.

Statement as to disclosure to the Auditors

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware, and the Trustees have taken all steps they ought to have

taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Haysmacintyre LLP have been re-appointed as auditor to the company under Section 485 of the Companies Act 2006.

The Report of the Board of Trustees, incorporating the strategic report, was approved by the Board on 7th September 2021 and signed on its behalf by:

Terence O'Leary

Terence O'Leary
Chairman

AUDITORS REPORT

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ST CATHERINE'S HOSPICE

Opinion

We have audited the financial statements of St Catherine's Hospice Limited for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Group and Hospice Balance Sheets, the Consolidated Cash Flow Statement 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 group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's and parent 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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial 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 group'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 Chairman's and CEO's Report and 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group 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 parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 20, 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 group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee

that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, 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 sales tax and payroll 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 the improper recognition of revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

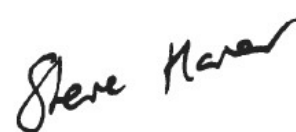
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;

- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Reviewing the cut-off of income recognised to consider whether income had been recognised in the correct accounting period; and
- Challenging assumptions and judgements made by management in their critical accounting estimates including those related to the recognition of income including the accrual of legacy income and the valuation of legacy debtors.

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

Use of our report

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



Steven Harper
(Senior Statutory Auditor)

For and on behalf of
Haysmacintyre LLP,
Statutory Auditor
7th September 2021

10 Queen Street Place
London
EC4R 1AG

Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 March 2021

	Note	Restricted £'000's	Designated £'000's	Unrestricted £'000's	Total Funds 2021 £'000's	Total Funds 2020 £'000's
Income						
Donations & Legacies	2	279	0	4,222	4,501	4,551
Trading Activities	4	0	0	1,500	1,500	2,944
Charitable Activities	5	1,726	0	3,627	5,353	4,451
Investments	3	0	0	122	122	214
Other Income		34	0	684	718	342
Total Income		2,039	0	10,155	12,194	12,502
Expenditure						
Fundraising & Investment Activities		(1)	28	923	950	2,021
Trading Activities		0	4	2,225	2,229	2,650
Charitable Activities		307	29	7,265	7,601	7,673
Total Expenditure	6	306	61	10,413	10,780	11,906
Net Income / (Expenditure) on Operational Activities	7	1,733	(61)	(258)	1,414	596
Net Gains / (Losses) on Investments	14,15	0	0	541	541	73
Net Income / (Expenditure) for the Year	8	1,733	(61)	283	1,955	669
Transfer Between Funds	20,21	(1,666)	750	916	0	0
Net Movement In Funds		67	689	1,199	1,955	669
Funds B/F as at 1st April		4,094	11,921	7,305	23,320	22,651
Funds Carried Forward as at 31st March		4,161	12,610	8,504	25,275	23,320

All gains and losses arising in the current and previous year have been recognised in the Statement of Financial Activities and arise from continuing activities.

The prior year comparators for each fund included above are included in notes 44 to 46

The notes on pages 32 to 46 form part of these financial statements.

Balance Sheets as at 31 March 2021

Company Registration No. 01525404

		Group		Hospice	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible Assets	13	2,751	2,876	2,751	2,876
Construction in Progress - Pease Pottage	13	1,235	807	1,235	807
Investments	14	13,065	15,862	13,065	15,912
		17,051	19,545	17,051	19,595
Current Assets					
Investments	15	3,765	263	3,765	263
Stock	16	4	3	0	0
Debtors	17	1,270	1,265	1,288	1,346
Cash at Bank		3,706	3,130	3,645	3,015
		8,745	4,660	8,698	4,625
Current Liabilities					
Creditors: amounts falling due within one year	18	385	724	379	722
Net Current Assets		8,360	3,931	8,319	3,898
Total Assets less Current Liabilities		25,411	23,476	25,370	23,493
Creditors: amounts falling due greater one year	11	136	161	136	161
Total Net Assets		25,275	23,320	25,234	23,337
The Funds of the Charity					
Restricted Funds	20	4,161	4,094	4,161	4,094
Designated Funds	21	12,610	11,921	12,610	11,921
Unrestricted Funds	21	8,504	7,305	8,463	7,322
Total Funds	22	25,275	23,320	25,234	23,337

The unconsolidated net income of the Hospice in 2020/21 was £1,947,000 (2019/20 £598,000).

The Financial Statements on pages 25 to 46 were approved by the Board of Directors and authorised for issue on 7th September 2021 and are signed on its behalf by:

G.E. Andrews

Gregory Andrews
Trustee / Director

The notes on pages 28 to 46 form part of these financial statements.

Consolidated Cash Flow Statement as at 31 March 2021

		31 March 2021 £'000	31 March 2020 £'000
	Notes		
Cashflows from Operating Activities			
Net Cash provided by / (used in) Operating Activities	25a	4,512	783
Cashflows from Investing Activities			
Gains / (Losses) on Investments		91	154
Purchase of Property, Plant & Equipment		(98)	(245)
New Build Construction in Progress		(428)	(397)
Proceeds from Sale of Assets		1	0
Net Cash provided by / (used in) Investing Activities		(434)	(488)
Change in Cash & Equivalents in the Reporting Period		4,078	295
Cash & Equivalents at the beginning of the Reporting Period		3,393	3,098
Cash & Equivalents at the end of the Reporting Period	25b	7,471	3,393

The notes on pages 28 to 46 form part of these financial statements.

Accounting Policies

Principal Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of Accounting

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 UK and Republic of Ireland (FRS 102) (Second Edition, effective 1 January 2019) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The hospice meets the definition of a public entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy notes.

Legal Status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member.

Going Concern

Having given prioritised oversight of, the financial forecasts, cashflows and risk register during the year in response to the pandemic and its impact on future aspirations, the Trustees have realigned the hospice's future strategic direction to meet short to medium term constraints. The Trustees, therefore, consider that there are no material uncertainties about St Catherine's Hospice Limited's ability to continue as a going concern for the foreseeable future. Free reserves stand within the charity's reserves policy requirements which has been agreed on a risk-based profile. Medium-term forecast projections indicate that the charity's free reserves remain within its policy's acceptable limits.

Material Areas of Judgement

The most significant area of judgement and key assumptions that affects items in the accounts is the estimation of income from Legacies. The estimated value of each outstanding legacy at 31 March is calculated in accordance with the principles set out in the Donation, Grants and Other Income section below. Another significant area of assumption is in respect of depreciation of Fixed Assets. The rates of write down are shown in the Tangible Fixed Assets section below. The Trustees are satisfied that these write down rates are a reasonable reflection of the expected useful life of the assets in each class.

Group Financial Statements

These financial statements consolidate the results of the charity and its wholly-owned subsidiary St Catherine's Hospice Trading (Sussex) Limited on a line by line basis. A separate statement of financial activities, or income and expenditure account, for the charity itself is not presented because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations where the donor has specified they should only be used for particular areas of the hospice's work. The aim and use of each designated and restricted fund is set out in the notes to the financial statements. Investment income, gains and losses are allocated to the appropriate fund.

Donated Assets

Tangible assets donated to the hospice are recorded at the original estimate of their value to the company.

A donation of land was received in 2019/20 and accounted for in accordance with this policy ensuring the valuation was a fair value, carried out by external professional valuers, as defined within FRS102 being the "amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

Tangible Fixed Assets

Fixed assets other than donated assets are stated at historical cost. All assets costing more than £2,000 are capitalised.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write down each asset to its estimated residual value evenly over its expected useful life, as follows:-

Freehold buildings	2% per annum on cost
Extensions and refurbishments	10% per annum on cost
Equipment (excluding leasehold improvements)	25% or 17% per annum on cost
Leasehold improvements	calculated on remaining length of lease
Computer Equipment	25% per annum on cost
Motor vehicles	25% per annum on cost

Taxation

The company is considered to pass the tests set out in the Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation on income or capital gains to the extent that such income or gains are applied exclusively to charitable purposes.

Operating Leases

Rental costs under operating leases are charged to the general fund operating account in equal annual amounts in accordance with the terms of the lease. Any benefits received or receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period of the lease.

Pension Contributions

The charity operates a defined contribution pension scheme, the assets of which are held separately from those of the charity in independently administered funds chosen by individual staff. Some staff participate in the NHS defined benefit pension scheme. Any resulting liabilities on this scheme would be met by the State. Therefore, contributions payable for the year in relation to either scheme are charged in the Statement of Financial Activities.

The company also participates in a multi-employer scheme which provides benefits to some 950 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The charity is also making additional payments into the fund in order to eliminate the deficit. These payments commenced in April 2013 and are currently scheduled to continue until January 2025. To recognise the future liability and in accordance with FRS 102 the Trustees have agreed to make a provision for the present value of the outstanding deficit contributions.

Further details including the current buy-out debt amount and value of the provision are given in Note 11.

Donations Grants and Other Income

Income is recognised in the Statement of Financial Activities when the charity is entitled to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Where income has related expenditure (as with fundraising or contract income) the income and related expenditure are reported gross in the Statement of Financial Activities.

- In the event that a donation or grant is subject to fulfilling performance conditions before the charity is entitled to the funds the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income accrued in debtors.
- Income from NHS contracts, government or other grants, whether capital or revenue in nature are recognised when the charity has entitlement to the funds, any performance conditions have been met, it is probable that

Accounting Policies

the income will be received and the amount can be measured reliably.

- Income, including sponsorship received in advance for a future fundraising event or for a grant received relating to the following year is deferred until the criteria for income recognition is met.
- Items donated for resale through the retail shops are included in the accounts when the items are sold.
- Investment income is included when receivable and the amount can be measured reliably, usually when the notification of interest payable is received from the bank. Dividends are recognised once the dividend has been declared and notification has been received of the amount due.
- Income from legacies is determined on a case by case basis in accordance with the following principles. Pecuniary legacies are recognised once probate has been granted and notification has been received that payment will be received. Residuary legacies are recognised once probate has been granted, provided that sufficient information has been received to enable valuation of the hospice's entitlement with sufficient certainty; amounts receivable are included at 90% of their valuation, to reflect the sector's experience of the uncertainty inherent in the administration of estates, subject to further reduction to reflect the impact of other factors such as the valuation of unrealised estate assets or subsequent adverse movements in property and investment markets. Where legacies have been notified to the charity or the charity is aware of the granting of probate and the criteria for income recognition have not been met then the legacy is treated as a contingent asset and disclosed if material.
- All subscriptions for the lottery draws are deferred, with income drawn down each week. All other income received in one period but relating to future periods is shown as deferred income under creditors.

Donated Goods and Services

Donations of goods and services, including seconded NHS doctors, are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from its use is probable and the economic benefit can be reliably measured. These items are included in income at the estimated value of the gift to the charity when received based on the amount the charity would have been prepared to pay had it been required to purchase them.

Volunteers

The value of the services provided by volunteers is not incorporated into these financial statements. Further details of their contribution are provided in note 12.

Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis once there is a legal obligation to make a payment, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is categorised under the following headings:

Costs of raising funds comprises fundraising costs incurred in seeking donations, grants and legacies; investment management fees; costs of fundraising activities including the costs of goods sold, shop costs, commercial trading and their associated support costs. Fundraising costs do not include the costs of disseminating information in support of the hospice's charitable activities.

Expenditure on charitable activities includes the costs of providing specialist palliative care and support to patients, their families and the wider community; research and other educational activities undertaken to further the purposes of the charity and their associated support costs.

Support costs comprise those costs which are incurred directly in support of expenditure on the objects of the hospice and include governance cost, finance and office costs. Governance costs are those costs incurred in connection with complying with constitutional and statutory requirements of the charity. Where practicable irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Support costs are allocated to each of the activities on a variety of bases, principally headcount, floor area or time spent on activities depending on the nature of the support costs, to best allocate the costs to each attributable heading. More details on the analysis and basis of allocation is given in note 6.

Financial Instruments

The hospice only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at their transaction value and subsequently measured at their settlement value.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price, except for the shares in the trading subsidiary which are carried at cost. The Statement of Financial Activities includes the

Accounting Policies

net gains and losses arising on revaluation and disposals throughout the year.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired during the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

The charity does not acquire put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity and bond markets due to wider economic conditions, the attitudes of investors to investment risk and changes in sentiment concerning equities and other instruments within particular sectors.

Stock

Stock of goods for resale is valued at the lower of cost and net realisable value. Stock donated for resale are not included in the financial statements until they are sold because the Trustees consider it impractical to be able to assess the amount of donated stocks as there are no systems in place to record these until they are sold and undertaking a stock take would incur undue cost and income loss for the charity which would far outweigh the benefits.

Debtors

Trade and other debtors are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid deposits with a short maturity of 95 days or less from the date of acquisition or opening of the account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due for settlement can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discount.

Supporting Notes to Financial Statements

1 Income

Income derives from the group's principal activities carried on wholly in the United Kingdom.

2 Income from Fundraising Activities

	Restricted £'000's	Designated £'000's	Unrestricted £'000's	2021 £'000's	2020 £'000's
Donations	106	0	2,287	2,393	2,035
Legacies	0	0	1,785	1,785	1,263
Other Grants	12	0	150	162	143
Donations in Kind	0	0	0	0	0
Capital Appeal - Pease Pottage	161	0	0	161	1,110
	279	0	4,222	4,501	4,551

3 Income from Investments

	2021 £'000	2020 £'000
Listed Investment Income	121	197
Interest Received	1	17
	122	214

4 Income from Trading Activities

	2021 £'000's	2020 £'000's
Retail	521	1,343
Lottery	825	880
Fundraising Events	154	721
	1,500	2,944

5 Income from Charitable Activities

	Restricted £'000's	Unrestricted £'000's	2021 £'000	2020 £'000
NHS Block Contract / Grant	0	2,605	2,605	2892
NHS Contribution to Drug Costs	0	105	105	130
NHS Contribution to Lymphoedema Service	0	64	64	305
NHS Community Support Pilot	0	320	320	319
Income for Inpatient Beds from Continuing Healthcare (CHC)	0	43	43	230
Research Grant	0	58	58	55
Other Service Contracts	0	420	420	503
COVID 19 Hospice UK (HUK) Support	1,579	0	1,579	0
COVID 19 Clinical Commissioning Group (CCG) Support	147	0	147	0
Education Income	0	12	12	17
	1,726	3,627	5,353	4,451

Supporting Notes to Financial Statements

6 a) Expenditure

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2021 £000's	Total 2020 £000's
Fundraising / Investment Activities					
Donations, Legacies & Grants	612	265	23	900	1,409
Capital Appeal - Pease Pottage	19	0	0	19	126
Investment Management	31	0	0	31	48
	662	265	23	950	1,583
Trading Activities					
Retail Shops	1,140	426	25	1,591	1,912
Lottery Costs	63	87	3	153	300
Fundraising Events	303	178	4	485	438
	1,506	691	32	2,229	2,650
Charitable Activities					
Inpatient Services	2,940	979	52	3,971	3,411
Community Services	1,941	522	47	2,510	2,770
Wellbeing Services	572	291	22	885	1,116
Education	168	63	5	236	376
	5,620	1,855	126	7,601	7,673
	7,788	2,811	181	10,780	11,906

b) Analysis of Support Costs in a) above

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governance £000's	Support Costs Total £000's
Fundraising / Investment Activities					
Donations, Legacies & Grants	58	151	43	13	265
	58	151	43	13	265
Trading Activities					
Retail Shops	93	293	15	25	426
Lottery Costs	57	11	18	1	87
Fundraising Events	58	75	38	7	178
	208	379	71	33	691
Charitable Activities					
Inpatient Services	259	649	15	56	979
Community Services	72	401	14	35	522
Wellbeing Services	101	161	15	14	291
Education	22	32	7	2	63
	454	1,243	51	107	1,855
	721	1,773	164	153	2,811

7 Trading Operations

The wholly owned trading subsidiary, St Catherine's Hospice Trading (Sussex) Limited, UK company registration number 02822993, pays all its eligible profits to the charity under Gift Aid. The company manages the sale of purchased goods through the hospice retail shops and its Coffee Shop.

The charity owns the entire issued share capital of 50,000 shares of £1 each.

Supporting Notes to Financial Statements

A summary of the trading results is shown below.

	2021 £'000	2020 £'000
Turnover	55	123
Cost of Sales	12	49
Gross Profit	43	74
Other Operating Expenses (net)	35	84
Profit on Ordinary Activities	8	(10)
Donations under Gift Aid		7
Corporation Tax		
Profit Retained in the Subsidiary	8	(17)

8 Net Income / Expenditure

	2021 £'000	2020 £'000
Net Income / (Expenditure) is stated after charging:		
Tangible Fixed Asset Depreciation and amounts Written Off in the Period		
Owned Assets	210	215
Operating Lease Rentals - Equipment	19	27
Operating Lease Rentals - Shops & Office	385	370
Auditors Remuneration	22	14
Other Services to Group	0	0

9 Employees

	2021 FTE's	2020 FTE's
Average Weekly FTE's		
Fundraising	22	31
Retail	27	29
Inpatient Services	60	54
Community Services	37	45
Wellbeing Services	15	15
Education	3	6
Support Services	49	47
	213	228

The hospice employs a significant number of staff on a part-time basis. The average of number of paid staff in the charity and group in 2020/21 was 264 (2019/20: 269).

	2021 £'000	2020 £'000
Staff Costs		
Salaries	7,363	6,834
Social Security Costs	673	650
Other Pension Costs	622	603
	8,658	8,087

The hospice made ex gratia payments to staff in 2020/21 of £57,000, (2019/20 £20,000). Pension costs for both years are shown net of NHS funding of £71,000. No emolument was paid during the year to any of the Directors (2019/20: £Nil) and no Director was reimbursed for expenses (2019/20: £Nil). Included in the staff costs above is £285,000 (2019/20 £254,000) in respect of seconded NHS doctors paid from NHS funds.

The number of employees who received emoluments in the following ranges was:

	31 March 2021 £'000	31 March 2020 £'000
£60,001 - £70,000	3	1
£70,001 - £80,000	3	3
£80,001 - £90,000	1	1
£90,001 - £100,000	0	1
£100,001 - £110,000	1	1
£110,001 - £120,000	2	1
	10	8

All of the above higher paid employees are accruing retirement benefits under schemes treated as defined contribution schemes. The company made pension contributions of £100,000 on behalf of these staff in 2020/21 (2019/20 £92,000).

The hospice considers that the key management personnel comprise the senior management team – who are the Chief Executive and 6 other key Directors and Heads of Service. The total employee benefits of the key management staff were £661,000 (2019/20 £687,000).

10 Related Party Transactions

During the year no Trustees received any remuneration or benefits in kind (2019/20 £Nil). Moreover, no Trustees received any reimbursement of travel expenses (2019/20 £Nil). Donations from Trustees to the charity amounted to £11,000 in 2020/21 (2019/20 £65,000).

The charity provided services during the year to its wholly owned trading subsidiary, St. Catherine's Hospice Trading (Sussex) Limited. The charge for those services amounted to £23,000 (2019/20 £89,000). No donation was made under gift aid from the trading subsidiary in the year (2019/20 £7,000).

There were no other related party transactions in the current year or previous year.

11 Pension Contributions

The charity makes contributions to the National Health Service Pension Scheme for participating employees. The NHS Scheme is a defined benefit scheme. As the scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities, this scheme is accounted for by the charity as a defined contribution scheme. Any resulting liabilities on this scheme would be met by the State. Therefore, contributions payable for the year in relation to the scheme are charged in the Statement of Financial Activities.

Supporting Notes to Financial Statements

The company participates in a pension scheme operated by the Pensions Trust called Growth Plan, with further details in accounting policies on Page 31.

The charity has been notified by The Pensions Trust of the estimated employer payment on withdrawal from the scheme as at 30 September 2017. As of this date the estimated employer payment for the hospice was £513,265. The potential debt is not included in the financial statements.

A full actuarial valuation for the scheme was carried out at 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 31 January 2025:	£11,243,000 per annum	payable monthly and increasing by 3% each on 1st April)
--	------------------------------	--

Unless a concession has been agreed with the Trustees the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2014. This valuation showed assets of £793.4m, liabilities of £969.9m and a deficit of £176.5m. To eliminate this funding shortfall, the Trustees have asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum	(payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£54,560 per annum	(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Reconciliation of Opening & Closing Provisions

	2021 £'000	2020 £'000
Provision at start of Period	161	187
Unwinding of Discount Factor (Interest Expense)	4	2
Deficit Contribution Paid	(33)	(32)
Remeasurement - Amendment to Contribution Schedule	4	(4)
Prior Year Adjustment		8
Provision at End of Period	136	161

Income & Expenditure Impact

	2021 £'000	2020 £'000
Interest Expense	4	4
Amendment to Contribution Schedule	4	(9)
Costs charged to Income & Expenditure Account	8	(5)

Supporting Notes to Financial Statements

A rate of discount of 2.5% has been assumed in both 2019/20 and 2020/21 representing the Hospice's estimate of the cost of money to the charity.

The hospice also participates in a defined contribution pension scheme operated by the Pensions Trust, the assets of which are held separately from those of the hospice. Employees contribute between 3.2% and 6% of their salary with the charity contributing 150% of the employee contribution

The total pension cost charge of the group represents contributions payable by the charity and amounted to £604,000 (2020: £544,000). The figures have been shown net of NHS funding.

At the year-end contributions outstanding totalled £0 (2020: £90,000) and are included in the creditors. The estimated employer pension contributions payable by the company in 2021/22 is £600,000.

12 Volunteers

The charity is dependent upon a team of part-time voluntary helpers who assist in all areas of the charity's care.

There are three key types of volunteer:

Hospice Volunteers - providing a range of clinical services (e.g. complementary therapy, counselling, patient drivers) and support services (e.g. administration, hospitality, gardeners).

Retail Volunteers - providing sorting and till support to 14 charity shops, our warehouse and e-commerce work.

Community - supporting our fundraising work through Friends groups, running street collections and supporting events (e.g. marshallings, registration, refreshments, game stalls).

The pandemic has affected volunteering and our volunteers in many ways, as we have learned to adapt to the impact of COVID-19. We initially stood down all volunteers (with exception of our Counselling volunteers who continued throughout) and as we required their services in the face of an everchanging environment and working practices, they have continued to support us where they are safely able.

During 2020/21 we recruited 66 new volunteers, received over 370 enquiries to volunteer and created 7 new roles to help us deal with the challenges that COVID-19 placed upon us. We had over 220 volunteers supporting us at various times throughout the pandemic and for those who couldn't, they remained supportive and ready to return once we felt it was safe to do so.

13 Tangible Fixed Assets

Hospice & Group	Freehold Land & Buildings £'000	Equipment £'000	Motor Vehicles £'000	Construction in Progress £'000	Total £'000
Cost / Valuation at 1st April 2020	5,107	1,071	126	807	7,111
Additions	43	40	0	428	511
Disposals	0	0	(41)	0	(41)
Cost / Valuation at 31st March 2021	5,150	1,111	85	1,235	7,581
Depreciation at 31st March 2020	2,473	894	61	0	3,428
Charged in the Year	107	86	15	0	208
Disposals	0	0	(41)	0	(41)
Depreciation at 31st March 2021	2,580	980	35	0	3,595
Net Book Value 31st March 2021	2,570	131	50	1,235	3,986
Net Book Value 31st March 2020	2,635	175	66	807	3,683

Supporting Notes to Financial Statements

All the tangible fixed assets of the group are part of the accounts of the main charity.

Freehold land at Malthouse Road was donated to the hospice and valued at £60,000 by the Directors in December 1983.

Freehold land at Pease Pottage was donated to the hospice in December 2018. The Trustees carried out a valuation, supported by a firm of independent advisors, who valued the land at £1,000,000. The basis of value is at a fair value, as defined within the Financial Reporting Standard FRS102, being "the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction". This valuation assumes that conditions within the transfer for starting the development are met such that the option to purchase for £1 is not exercised. This option is exercisable should the development of the new hospice not take place and ceases 28 months after the transfer of the land.

All freehold land and buildings are included in the financial statements at lower of cost and open market value. In the opinion of the Directors, the open market value of the freehold land and buildings is not less than the stated value.

14 Fixed Asset Investments

Listed Investments £'000

Cost / Market Value 1st April 2020	15,862
Movement of Shares to Investments	85
Cash held in deposit accounts	(3,514)
Gains / (Losses) on Disposal	48
Unrealised Gains / (Losses)	493
Dividends & Interest	122
Management Fee	(31)
Cost / Market Value 31st March 2021	13,065
Historical Cost 31st March 2021	12,429

Investments held by the charity also include an additional £50,000 (2020 - £50,000) investment in the subsidiary company at cost.

Subsidiary Company					
Name	Country of Incorporation	Class of Holding	Proportion Held	Aggregate Capital & Reserves £'000	Result for Year £'000
St Catherine's Hospice Trading (Sussex) Limited	England	Ordinary	100%	50	-

15 Investments held as Current Assets

	£'000
Cost / Market Value 1st April 2020	263
Cash held in deposit accounts	3,502
Cost / Market Value 31st March 2021	3,765
Historical Cost 31st March 2021	3,512

16 Stock

	Group		Hospice	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Stock				
Goods for Resale	4	3	0	0
	<u>4</u>	<u>3</u>	<u>0</u>	<u>0</u>

17 Debtors

	Group		Hospice	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Debtors				
Trade Debtors	129	181	129	181
Accrued Legacy Income	756	413	756	413
Amounts due from Subsidiary Company	0	0	18	81
Other Prepayments & Accrued Income	373	107	373	107
Other Debtors	12	564	12	564
	<u>1,270</u>	<u>1,265</u>	<u>1,288</u>	<u>1,346</u>

18 Creditors: Amounts falling due within one year

	Group		Hospice	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Creditors				
Trade and Other Creditors	101	321	101	321
Taxation and Social Security Costs	146	260	146	260
Accruals & Deferred Income	138	143	132	141
	<u>385</u>	<u>724</u>	<u>379</u>	<u>722</u>

19 Reserves – Movements by Fund

This schedule presents the final reserves position by fund, together with those designated and restricted funds for the New Hospice shown in total as a memo, for completeness.

This table breaks down the operational income and expenditure from government funding support and the allocation of spend that funding has delivered during this financial year. This provides the underlying operational position giving greater clarity when comparing against prior and future years.

Further information on the underlying operational net income and reserves position with COVID-19 support is detailed within the Financial Review on page 12.

	Restricted Funds £'000	Designated Funds £'000	Unrestricted Funds £'000	Total Funds £'000	
Balance as at 1/04/2020	4,094	11,921	7,305	23,320	14,687
Excluding Govt Support	0	0	0	0	0
Net Inc / (Exp)	151	(61)	(858)	(768)	116
Unrealised Gains / (Losses)	0	0	541	541	0
Net Inc / (Exp)	151	(61)	(317)	(227)	116
Govt Support					
C19 HUK Income	1,582	0	0	1,582	
C19 CCG Income	144	0	0	144	
C19 Furlough Income	0	0	490	490	
C19 Rates Grants Income	0	0	110	110	
Net C19 Income	1,726	0	600	2,326	
C19 CCG Direct Expenditure	(144)	0	0	(144)	
Net COVID-19 Inc / (Exp)	1,582	0	600	2,182	
C19 Associated Cost Transfer	(1,582)	0	1,582	0	
Other Transfers	(84)	750	(666)	0	300
Balance as at 31/03/2021	4,161	12,610	8,504	25,275	15,103
Less:					
Fixed Assets	1,000	0	1,876	2,876	1,078
Construction in Progress	1,235	0	0	1,235	1,235
Available Reserves	1,926	12,610	6,628	21,164	12,790

Notes 20 and 21 provide further detail on fund movements in the year.

20 Restricted Funds: Group & Charity

	Balance 1 April 2020 £'000	Income in Year £'000	Expenditure in Year £'000	Transfers In / (Out) £'000	Balance 31 March 2021 £'000
Foundation Fund	7	0	0	(7)	0
Inpatient services	25	3	2	0	26
Community Services	20	40	40	0	20
Wellbeing Services	190	70	39	0	221
Education	28	0	0	0	28
Capital & Equipment	113	0	0	(77)	36
Other	24	39	63	0	0
Total Funds	407	152	144	(84)	331
COVID-19	0	1,726	144	(1,582)	0
Total Including COVID-19 Funds	407	1,878	288	(1,666)	331
Donations in Kind	1,000	0	0	0	1,000
New Horizons Donation to New Build	1,000	0	0	0	1,000
Capital Appeal - Pease Pottage	1,687	161	18	0	1,830
Total Funds	4,094	2,039	306	(1,666)	4,161

The hospice may receive grants or donations whose use is restricted by the donor. In these circumstances, the funds are shown as restricted.

Supporting Notes to Financial Statements

The restricted fund is managed through a governance group with expenditure aligned to donations.

Foundation Fund

New Horizons provides community fundraising in support of the hospice. Funds are transferred to the General Fund.

Wellbeing Services

Garden fund - monies raised to re-develop and enhance the hospice garden.

Creative Therapies – funds to support creative activities primarily in the Day Hospice.

Living Well groups – donations provided to support the operation of Living Well activity groups.

Community Services

Horsham Carers Support – funds provided by Horsham Hospital League of Friends to provide support and practical skills training for carers in the Horsham area

Community Nursing – funds donated by the Ernest Kleinwort Charitable Trust, towards the cost of a community nurse.

Education

Funds raised in support of education.

Capital & Equipment

Funds raised in support of capital and equipment.

Other

Funds raised for items not included above.

COVID-19 Government Support

The NHSE awarded funding to allow the hospice to make available bed capacity and community support from April 2020 to July 2020 to provide support to people with complex needs in the context of the COVID-19 situation and to provide bed capacity and community support from November 2020 to March 2021 for the same purpose.

The hospice received £1.6m of support from NHS England (NHSE) in the year. The associated costs have been allocated against these restricted funds via a reserve transfer from general reserves as detailed in the Financial Review.

In addition, £144k of CCG funding was granted in support of specific costs to support capacity requirements at the onset of the pandemic.

Capital Appeal – Pease Pottage

The generous donation of five acres of land as a gift in kind from Mr Bill Bridges as the site to build a new hospice has been valued as a gift in kind, by the Trustees supported by a firm of independent advisors at £1m.

Funds donated specifically towards the construction of a new hospice building. The charity paused its New Build project and Capital Appeal during 2020/21 after raising £1.7m and has re-launched in Q4 2020/21 with a target of £1.5m providing a total of £3.2m to complete the construction of its new hospice.

21 Unrestricted Funds

	Balance 1 April 2020 £'000	Income in Year £'000	Expenditure in Year £'000	Gain / (Loss) on Investments in Year £'000	Transfers In / (Out) £'000	Balance 31 March 2021 £'000
Designated Funds						
New Hospice Fund	11,000	0	27	0	300	11,273
Strategic Delivery	921	0	34	0	450	1,337
Total Designated Funds	11,921	0	61	0	750	12,610
General Funds	7,305	10,155	10,413	541	916	8,504
Total Unrestricted Funds	19,226	10,155	10,474	541	1,666	21,114

Unrestricted reserves are available to be used for:

- The day to day running of the hospice.
- The costs of any capital projects in whole or in part where the cost is not met from any other fund; and
- For any other purpose as the Directors see fit to fulfil the objectives of the hospice.

Designated funds have been agreed by the Trustees to support costs in the delivery of its strategic goals.

New Hospice Fund

As described in the Trustees' / Directors' report St. Catherine's will be building a new hospice at Pease Pottage following the generous donation of five acres of land from Mr Bill Bridges and a donation from Mr John Shemeld in excess of £6m, representing monies set aside to finance the future major capital developments that are required to maintain and enhance the services of the hospice. This fund has been supported by the charity's reserves, including an additional funds transfer of £300k agreed by the Trustees, and the Capital appeal which aims to raise £3.2m, of which £1.8m has been raised to date, as detailed in note 20.

Strategic Delivery Fund

The Trustees have agreed to designate funds in support of the delivery of the charity's strategic aims with regular review and monitoring. These projects will support digital transformation, operational efficiencies with strengthened governance as well as our staff through development and EDI over the next 2-3 years, as summarised below:

	£'000
New Build Transition and Capital Appeal	295
New Ambition Voluntary Income Growth	350
Sussex Collaboration	93
Electronic Patient Record System	215
Digital Transformation Projects	147
IT Infrastructure Investment	172
Quality Improvements	15
HR - Management Development and EDI Agenda	50
	<hr/> 1,337

Given the financial uncertainty in the year, all non-essential spend was put on hold with £0.6m of designated expenditure paused. Acknowledging this and in support of future forecast spend, the Trustees agreed to transfer £450k of unrestricted funds to designated funds providing the identified total of £1.3m.

22 Analysis of Group Net Assets between Funds

	Unrestricted	Restricted	Total Funds 2021	Unrestricted	Restricted	Total Funds 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible Fixed Assets	1,751	1,000	2,751	1,798	1,078	2,876
Construction in Progress - Pease Pottage	0	1,235	1,235	0	807	807
Fixed Asset Investments	12,065	1,000	13,065	14,862	1,000	15,862
Current Asset Investments	3,765	0	3,765	263	0	263
Other Current Assets	4,054	926	4,980	3,188	1,209	4,397
Current Liabilities	(385)	0	(385)	(724)	0	(724)
Provisions	(136)	0	(136)	(161)	0	(161)
	<hr/> 21,114	<hr/> 4,161	<hr/> 25,275	<hr/> 19,226	<hr/> 4,094	<hr/> 23,320

23 Members of the Hospice

As at 31 March 2021 there were 52 members (2020: 52) of the company who are required to contribute £1 each in the event of the company being wound up.

24 Operating Lease Commitments

At 31 March 2021 the group was committed to make the following payments in respect of operating leases:

	2021 £'000	2020 £'000
Land & Buildings		
Amounts due within One Year	320	358
Amounts due in Two to Five Years	1,008	961
Amounts due in over Five Years	410	493
Other		
Amounts due within One Year	18	27
Amounts due in Two to Five Years	27	60
	<u>1,783</u>	<u>1,899</u>

Payments under operating leases are recognised as expenditure as they fall due. No provision has been made for future commitments.

25 Cashflows

	2021 £'000	2020 £'000
a) Net Income / (Expenditure) for the Reporting Period	1,955	669
Adjust for:		
Depreciation	181	215
(Gains) / Losses on Sale of Assets	(1)	0
Non Cash Donations (Shares, Land & Property)	(49)	(95)
(Increase) / Decrease in Investments	2,797	(319)
(Increase) / Decrease in Stocks	1	2
(Increase) / Decrease in Debtors	0	196
Increase / (Decrease) in Provisions	(25)	(26)
Increase / (Decrease) in Creditors	(347)	139
Net Cash provided by / (used in) Operating Activities	<u>4,512</u>	<u>783</u>

b) Analysis of Cash & Cash Equivalents

	2021 £'000	2020 £'000
Cash in Hand	3,706	3,130
Notice Deposits (less than 3 Months)	3,765	263
Total Cash & Cash Equivalents	<u>7,471</u>	<u>3,393</u>

26 Capital Commitments

The charity has entered into capital commitments of £500,000 in respect of initial scope of works to agree the design and build programme for the new hospice, to RIBA Stage 4, with Barnes the approved contractor. The agreement of the formal contract will be executed with the full capital commitment of an estimated £13,500,000.

27 SOFA prior Year Comparatives

	Note	Restricted £'000's	Designated £'000's	Unrestricted £'000's	Total Funds 2019/20 £'000's	Total Funds 2018/19 £'000's
Income						
Donations & Legacies						
Donations		79	0	1,956	2,035	1,877
Legacies		126	0	1,137	1,263	1,352
Other Grants		32	0	111	143	175
Donations in Kind		0	0	0	0	1,000
Capital Appeal - Pease Pottage		1,110	0	0	1,110	552
		1,347	0	3,204	4,551	4,956
Charitable Activities						
NHS Contracts & Grants		0	0	4,433	4,433	3,666
Education		0	0	18	18	20
	2	0	0	4,451	4,451	3,686
Trading Activities						
Shops		0	0	1,343	1,343	1,528
Lottery		0	0	880	880	860
Fundraising Events		19	0	702	721	1,110
		19	0	2,925	2,944	3,498
Investments						
	3	0	0	214	214	239
Other Income						
		29	0	313	342	60
Total Income		1,395	0	11,107	12,502	12,439
Expenditure						
Raising Funds						
Donations & Legacies		0	20	1,389	1,409	1,093
Fundraising Events		0	4	434	438	579
Retail Shops		0	30	1,882	1,912	1,327
Lottery Costs		0	4	296	300	186
Capital Appeal - Pease Pottage		0	126	0	126	308
Investment Management		0	0	48	48	44
		0	184	4,049	4,233	3,537
Charitable Activities						
Inpatient Services		0	36	3,375	3,411	3,215
Community Services		0	36	2,734	2,770	2,776
Wellbeing Services		133	16	967	1,116	805
Education		0	5	371	376	306
		133	93	7,447	7,673	7,102
Total Expenditure	5	133	277	11,496	11,906	10,639
Net Income / (Expenditure) on Operational Activities						
		1,262	(277)	(389)	596	1,800
Net Gains / (Losses) on Investments	12, 13	0	0	73	73	258
Net Income / (Expenditure) for the Year						
	6	1,262	(277)	(316)	669	2,058
Transfer Between Funds						
	17, 18		388	(388)	0	0
Net Movement In Funds						
		1,262	111	(704)	669	2,058
Funds B/F as at 1st April		2,832	11,810	8,009	22,651	20,593
Funds Carried Forward as at 31st March		4,094	11,921	7,305	23,320	22,651

28 Note 6 Expenditure – prior year

a. Expenditure

	Direct Costs £000's	Support Costs £000's	Depreciation £000's	Total 2020 £000's	Total 2019 £000's
Raising Funds					
Donations & Legacies	1,012	375	22	1,409	1,093
Fundraising Events	274	160	4	438	579
Retail Shops	1336	552	24	1,912	1,327
Lottery Costs	168	130	2	300	186
Full Circle Appeal - Pease Pottage	126	0	0	126	308
Investment Management	48	0	0	48	44
	2,964	1,217	52	4,233	3,537
Charitable Activities					
Inpatient Services	2,729	632	50	3,411	3,215
Community Services	2,163	562	45	2,770	2,776
Wellbeing Services	767	328	21	1,116	805
Education	283	89	4	376	306
	5,942	1,611	120	7,673	7,102
	8,906	2,828	172	11,906	10,639

b. Analysis of Support Costs

	Facilities & Hospitality £000's	Support Services £000's	Corporate Comms £000's	Governance £000's	Support Costs Total £000's
Raising Funds					
Donations & Legacies	65	237	56	17	375
Fundraising Events	65	55	35	5	160
Retail Shops	145	347	35	25	552
Lottery Costs	58	46	23	3	130
Full Circle Appeal - Pease Pottage	0	0	0	0	0
Investment Management	0	0	0	0	0
	333	685	149	50	1,217
Charitable Activities					
Inpatient Services	167	420	17	28	632
Community Services	87	429	17	29	562
Wellbeing Services	116	182	17	13	328
Education	22	55	8	4	89
	392	1,086	59	74	1,611
	725	1,771	208	124	2,828

29 Note 20 Restricted Funds - prior year

	Balance 1 April 2019	Income in Year	Expenditure in Year	Transfers In / (Out)	Balance 31 March 2020
Foundation Fund	0	10	3	0	7
Inpatient Services	23	10	8	0	25
Community Services	0	20	0	0	20
Wellbeing Services	39	168	17	0	190
Education	43	29	44	0	28
Capital & Equipment	118	36	41	0	113
Other	32	13	21	0	24
Total Operational Funds	255	286	134	0	407
Donations in Kind	1,000	0	0	0	1,000
New Horizons Donation to New Build	1,000	0	0	0	1,000
Capital Appeal - Pease Pottage	577	1,110	0	0	1,687
Total Funds	2,832	1,396	134	0	4,094

30 Note 21 Unrestricted Funds - Prior Year

	Balance 1 April 2019	Income in Year	Expenditure in Year	Gain / (Loss) on Investments in Year	Transfers In / (Out)	Balance 31 March 2020
Designated Funds						
Shemeld Legacy Capital	10,312	0	0	0	688	11,000
Strategic Delivery	1,498	0	277	0	(300)	921
Total Designated Funds	11,810	0	277	0	388	11,921
General Funds	8,009	11,107	11,496	73	(388)	7,305
Total Unrestricted Funds	19,819	11,107	11,773	73	0	19,226

31 Note 22 Analysis of Group Net Assets between Funds - Prior Year

	Unrestricted £'000	Restricted £'000	Total Funds 2020 £'000	Unrestricted £'000	Restricted £'000	Total Funds 2019 £'000
Tangible Fixed Assets	1,798	1,078	2,876	1,818	1,087	2,905
Construction in Progress - Pease Pottage	0	807	807	0	410	410
Fixed Asset Investments	14,862	1,000	15,862	15,013	441	15,454
Current Asset Investments	263	0	263	92	0	92
Other Current Assets	3,188	1,209	4,397	3,668	894	4,562
Current Liabilities	(724)		(724)	(585)	0	(585)
Provisions	(161)		(161)	(187)	0	(187)
	19,226	4,094	23,320	19,819	2,832	22,651